COVER SHEET

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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 Amount of Borrowings

Total No. of Stockholders

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

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, 2010**

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**

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

Yes [x] No [ ]

Philippine Stock Exchange Common Stock

12. 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 [ ]

13. Aggregate market value of the voting stock held by non-affiliates of the registrant as of December 31, 2010:

Assumptions:

(a)	Total number of shares held by non-affiliates as of December 31, 2010	182,433,000
(b)	Closing price of the Registrant's share on the exchange as of December 31, 2010	2.99
	Aggregate market price of (a) as of December 31, 2010	545,474,670

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

14. 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 -

MANAGEMENT REPORT

In 2010, the Philippines posted its highest economic growth in 34 years, with Gross Domestic Product (GDP) increasing by 7.3% year-on-year from the minimal growth of 1.1% achieved in 2009. The better than expected results came from substantial improvements in foreign trade, election-related spending, and renewed confidence in government that led in turn to higher levels of personal consumption as well as investments by domestic corporations.

On the supply side, the industry sector posted a double-digit growth of 12.1% while the service sector increased by 7.1%. Merchandise exports hit US$51.39 billion or 33.7% higher than the US$38.44 billion for 2009; while total external trade expanded by 30.2% to US$106.13 billion from the US$81.53 billion recorded the prior year. Remittances coursed through banks reached an all-time high of US$1.69 billion in December 2010, 8.1% higher than the US$ 1.57 billion reported in the same month last year. The full-year figure of US$ 18.76 in foreign remittances was up 8.2% over the 2009 total of US$17.35 billion. Perhaps a direct testament to the improved economic climate and greater investor confidence in the current administration, foreign direct investments jumped to US$441 million in December 2010, more than twice the US$ 172 million posted in December 2009.

The outlook for 2011 remains highly optimistic, with the economy projected to sustain its growth even if at a slightly lower rate. The Asian Development Bank recently raised its 2011 GDP growth forecast to 5%, from the original figure of 4.6% reported in September last year. The World Bank forecasts the same growth rate of 5%, citing strong personal consumption, robust export growth (as the world economy continues its recovery), and strong macroeconomic fundamentals. The ADB upgrade was made despite the turmoil in the Middle East and North African region which have driven up oil prices in recent months, highlighting the economy's perceived resiliency amid such adverse developments.

Against this backdrop, the Company will continue to pursue possible alliances and partnerships with investors who can infuse financial resources and provide it with a business base. To this end, the Board of Directors has recently approved the change in the Company's primary purpose from one of a mining company to that of a holding firm. To be presented for approval in the forthcoming stockholders' meeting, this change is seen to broaden the range of opportunities available for strategic linkages.

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.

On January 29, 2010 and February 1, 2010, the Company's shareholders paid for the outstanding subscriptions receivable amounting to P3,655,000 and P1,300,000, respectively.

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

Surpassing all expectations, the country's Gross Domestic Product (GDP) grew 7.3% in 2010 from the minimal growth of 1.1% in 2009. This was made possible by improvements in foreign trade, election-related spending and renewed trust in government.

This growth was achieved on the back of stronger macroeconomic fundamentals. Core inflation averaged 3.7% in 2010 from 4.1% in 2009 and is forecasted at between 3% to 5% in 2011. Interest rates remain at single-digit levels, with key policy rates kept at bay in 2010 and upped only slightly by the Bangko Sentral in March 2011 due to stronger inflationary pressures from increasing oil and commodities prices. Given the favorable balance of trade, sustained growth in remittances and increased capital inflows, Gross International Reserves reached US$62.1 billion in December 2010 and increased further to US$63.9 billion in February. The National Government ended the year with a deficit of P314.4 billion, 5.3% higher than the 2009 level of P298.5 billion but lower than the target ceiling of P325 billion.

In tandem with overall economic growth, the equities market also performed remarkably well in 2010. The PSEI was among the top 10 best performing broad market indices out of 43 indices that registered growth in 2010, increasing 37.6% or 1,148.46 points to end the year at 4,201.14. Trade values also hit the P1 trillion level, up 21.4% to P1.21 trillion from the P994.15 billion in 2009. The buoyant outlook is seen to continue on the back of stronger corporate earnings and increasing risk appetite for emerging markets.

As the global recovery strengthens, commodity prices have been on the uptrend, with gold reaching new highs at US$1,460 an ounce.

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 the Certificate of Registration from the BIR, registration and licenses from the 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 with.

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 2010, 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 2010.

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)
2009	First	2.20	1.60
	Second	3.50	1.82
	Third	5.50	2.60
	Fourth	4.80	3.55
2010	First	4.10	2.50
	Second	3.55	2.65
	Third	3.78	2.60
	Fourth	3.68	2.90

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)
2011	April 06	2.78
	March 29	2.80
	February 28	2.80
	January 30	3.03

(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, 2010 was 190.0 million shares. The top twenty (20) stockholders of the Company as of December 31, 2010 were as follows:

Name	No. of Shares	Percentage to Total
1. PCD Nominee Corporation (Filipino)	157,098,794	82.68%
2. Jewelle Y. Lao	7,168,997	3.77%
3. Jocelyn Y. Kho	5,000,000	2.64%
4. PCD Nominee Corporation (Non-Filipino)	3,067,400	1.61%
5. William D. Ty	2,000,000	1.05%
6. Victoria M. Vazquez	2,000,000	1.05%
7. Paul Gerardo B. Del Rosario	1,904,000	1.00%
8. Gener T. Mendoza	1,855,000	0.98%
9. Jocelyn Y. Lao	1,800,000	0.95%
10. David L. Kho	1,790,000	0.94%
11. Dionisio Ong	1,373,900	0.72%
12. Isabelita P. Mercado	1,000,000	0.53%
13. Sally Penalosa	1,000,000	0.53%
14. Nenita Ng Sin	925,000	0.49%
15. David L. Kho ITF Justine Dale Y. Kho	585,000	0.31%
16. Rene Chua	100,000	0.05%
17. Joseph Y. Lao	100,000	0.05%
18. Luisa Co Li	95,000	0.05%
19. Violeta L. Lim	74,000	0.04%
20. Alfredo R. Llorca	70,000	0.04%
Joseph See	70,000	0.04%
TOTAL	189,077,091	99.52%

(3) DIVIDENDS

No dividends, either in cash or stock, were declared on the shares for the last four (4) years, i.e., 2010, 2009, 2008 and 2007. 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

Given the favorable economic climate and business outlook, management is optimistic about the Company's prospects for developing strategic linkages within and outside the mining sector. As in the past, priority will be given to investors who can provide the requisite financial resources and business platform on which to grow the Company. In this regard, the Board of Directors has recently approved the change in the Company's primary purpose from one of a mining company to that of a holding firm, which matter will be presented for approval in the forthcoming stockholders meeting.

Meanwhile, the company will continue its minimal operations, to be funded from the proceeds of the private placement of shares undertaken last year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

2010

Income

Income for the year amounted to Php0.13 million, derived mainly from gain on sale of marketable securities. This is Php0.15million lower than the Php0.28 million income posted in 2009.

Expense

Operating expenses for the year increased by 32% from Php1.11 million in 2009 to Php1.46 million in 2010. This is due largely to expenses incurred in connection with the issuance of the Php10 million private placement shares, approved by the Company's board of directors in December 2009 and completed in early 2010. The following expenses increased: (a) professional fees by 66% from Php0.327 million in 2009 to Php0.543 million; (b) salaries and wages by 24% from Php0.29 million to Php0.36 million; and (c) stock listing fee by 8% from Php0.25 million to Php0.27 million.

Net Income/ (Loss)

The twelve-month operation of the Company ended with a net loss of Php1.33 million compared to a net loss of Php0.833 million in 2009.

Financial Condition

Statements of financial position data	December 31, 2010	December 31, 2009	% Inc/ (Dec)
Total Current Assets	7,050,420	4,362,103	62%
Total Assets	7,050,420	4,362,103	62%
Total Current Liabilities	117,374	1,076,023	(89.1%)
Total Stockholders' Equity	6,933,046	3,286,080	111%

The material changes in the statements of financial position are as follows:

- Total assets went up by 62% from Php4.36 million in 2009 to Php7.05 million in 2010 due to the full settlement of the subscriptions receivable on the Php10 million private placement shares.

- Cash and cash equivalents increased by 136% from Php2.1 million in 2009 to Php4.97 million in 2010; total liabilities declined by 89.1% from Php1.076 million to Php0.117 million due to the settlement of outstanding liabilities, including shareholders advances.

- Current ratio increased from 4.05x in 2009 to 60.07x in 2010; Net working capital totaled Php6.93 million in 2010 as compared to Php3.29 million in 2009.

- Total stockholders' equity went up by 111% from Php3.29 million in 2009 to Php6.93 million in 2010 with the completion of the private placement of shares in early 2010.

Liquidity and Capital Resource

For the year ended December 31, 2010, net cash used in operations amounted to Php1.8 million as compared to Php0.90 million in 2009. The 2010 total includes the net loss of Php1.33 million and gain from sale of marketable securities of Php0.11 million. Prepaid and other current assets increased by Php0.08 million while accrued expenses and other payables decreased by Php0.27 million.

Advances from shareholders were fully paid, resulting in the decrease in accounts payable by Php0.685 million.

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

Statements of financial position data	**December 31, 2009**	**December 31, 2008**	**% Inc/ (Dec)**
Total Current Assets	4,362,103	1,877,786	132%
Total Assets	4,362,103	1,877,786	132%
Total Current Liabilities	1,076,023	1,779,353	(39.53%)
Total Stockholders' Equity	3,286,080	98,433	3238%

The material changes in the statements of financial position are as follows:

- 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 4576% from Php0.045 million in 2008 to Php2.1million in 2009; total liabilities declined by 39.53% from Php1.779 million to Php1.076 million due to the settlement of outstanding liabilities, including shareholders advances.

- Current ratio increased from 1.06x in 2008 to 4.05x in 2009; Net working capital totaled Php3.29 million in 2009 as compared to Php0.10 million in 2008.

- Total stockholders' equity went up by 3238% from Php0.098 million in 2008 to Php3.286 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 Php2.09 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

Statements of financial position data	**December 31, 2008**	**December 31, 2007**	**% Inc/ (Dec)**
Total Current Assets	1,877,786	2,027,140	(7.37%)
Total Assets	1,877,786	2,027,140	(7.37%)
Total Current Liabilities	1,779,353	1,904,630	(6.58%)
Total Stockholders' Equity	98,433	122,510	(19.65%)

The material changes in the statements of financial position are as follows:

- Total assets went down by 7.37% 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.

- Total stockholders' equity went down by 20% 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.

Key Performance Indicators

Since the company is not in commercial operations, its key performance indicators are as follows:

KPI	Calculation	December 31, 2010	December 31, 2009	December 31, 2008
Current Ratio (1)	Current Assets/Current Liabilities	60.07x	4.05x	1.06x
Quick Ratio (2)	Cash + Marketable Securities /Current Liabilities	43.66x	2.34	0.06x
Debt to Equity Ratio (3)	Liabilities/ Stockholders' Equity	0.02x	0.33x	18.08x
Book Value per share (4)	Total Assets –Total Liabilities/ Outstanding Shares	0.04	0.02	0.0006
Loss per Share (5)	Net Loss/Weighted Average Number of Shares Outstanding	(.007)	(.004)	(.005)

	December 31, 2010	December 31, 2009	December 31, 2008
(1) Current Ratio	= 7,050,420/ 117,374	4,362,103/ 1,076,023	1,877,786/ 1,779,353
(2) Quick Ratio	= 5,124,084/ 117,374	2,513,139/ 1,076,023	98,027/ 1,779,353
(3) Debt to Equity	= 117,374/ 6,933,046	1,076,023/ 3,286,080	1,779,353/ 98,433
(4) Book Value/Share	= 6,933,046/ 190,000,000	3,286,080/190,000,000	98,433/180,000,000
(5) Loss per Share	= 1,334,005/ 190,000,000	833,096/190,000,000	976,768/180,000,000

The Current Ratio is a general and quick measure of a company's liquidity. It represents the ratio of all current assets to all current liabilities. It is also known as the "Working Capital Ratio" because working capital is the excess of current assets over current liabilities.

The Quick Ratio is another measure of a company's liquidity. It is used to measure a company's ability to pay its liabilities using assets that are cash or very liquid.

The Debt to Equity Ratio is a measure of leverage, or the relative amount of funds provided by lenders and owners. This measures the amount of debt being used by the Company.

Book Value per Share is a measure of stockholders' equity. It represents the difference between total assets and total liabilities then divide that total by the number of common shares outstanding.

Loss per Share is computed by dividing the net loss by the weighted average number of common shares outstanding.

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
2010	Php 100,000.00	-	-
2009	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, 2010 are as follows:

Position	Name	Age	Year of Assumption Of Office	Duration of Stay
Chairman	Michael T. Defensor	41	2008	34 months
President	Gener T. Mendoza	53	2007	41months
Director	Victor Y. Eleazar	53	2007	41 months
Director/Treasurer	Isabelita P. Mercado	61	2007	41 months
Independent Director	Victoria M. Vazquez	55	2007	41 months
Independent Director	William D. Ty	66	2007	41 months
Director	Rodolfo P. de Guzman, Jr.	50	2009	13.5 months
Corporate Secretary	Ana Maria A. Katigbak	42	2007	41 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, 41, 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, 53, is co-founder and president of GNCA Holdings, Inc. and The Structured Financial Group Inc. For several years now, he has served as rehabilitation receiver for Pryce Gases 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., rehabilitation receiver for five (5) property holding companies owned by Lehman Brothers Holdings Asia Ltd. and receiver of Premium Agro-vet Products Inc. /Premium Laboratories Inc. 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, 53, heads his own law firm, V.Y. Eleazar and Associates. 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, 61, 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, 55, 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, 66, 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. 50 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, 42, 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. 2010 and 2009, 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	2009 - Jan 01			
Chairman	2010 – Dec 31			
Gener T. Mendoza	2009 – Jan 01			
President	2010 – Dec 31			
Victor Y. Eleazar	2009 – Jan 01			
Director	2010 – Dec 31			
Isabelita P. Mercado	2009 – Jan 01			
Director and Treasurer	2010– Dec 31			
Victoria M. Vazquez	2009 – Jan 01			
Independent Director	2010 – Dec 31			
William D. Ty	2009 – Jan 01			
Independent Director	2010– Dec 31			
Rodolfo P. De Guzman, Jr.	2009 – Nov 05			
Director	2010 – Dec 31			
TOTAL OF THE GROUP	2009	0		
	2010	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, 2010:

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 Village, Makati City	Filipino	19,827,400	R	10.44%
	Abacus Securities Corporation* Unit 2904-A East tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City	Filipino	15,355,193	R	8.08%
	Meridian Securities Inc.* Suite 2702 B&C East Tower-PSE Centre, Exchange Road, Ortigas Center, Pasig City	Filipino	13,644,400	R	7.18%
		TOTAL	**48,826,993**		**25.70%**

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, 2010

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	0.00053%
Common	**Gener T. Mendoza** *Director and President*	Filipino	1,855,000	r	.97632%
Common	**Rodolfo P. De Guzman, Jr.** *Director*	Filipino	1,000	r	0.00053%
Common	**Victor Y. Eleazar** *Director*	Filipino	10,000	r	0.00526%
Common	**Isabelita P. Mercado** *Director and Treasurer*	Filipino	1,500,000	r	0.78947%
Common	**Victoria M. Vazquez** *Independent Director*	Filipino	2,200,000	r	1.15789%
Common	**William D. Ty** *Independent Director*	Filipino	2,000,000	r	1.05263%
Common	**Ana Maria A. Katigbak** *Corporate Secretary*	Filipino	0	r	0 %
		TOTAL	**7,567,000**		**3.98263%**

record ownership

(2) Voting Trust Holders of 5% or More

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 550,000,000 additional shares of MIC in its favor, said investor/s shall own 74.32% 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 Revised Code of Corporate Governance (SEC Memorandum Circular No. 6, series of 2009) and the Company's 2011 Revised Manual on Corporate Governance.

Board of Directors

The Board of Directors consists of 7 directors, two of whom are executive officers and five are non-executive directors. The Board's membership reflects 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.		√	

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, 2010 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 2010.

Date Filed	Description
January 4, 2010	Board approval for the issuance of the Php10 million private placement shares
January 7, 2010	Additional information on the private placement of 10,000,000 shares
January 26, 2010	Certification on Corporate Governance
January 26, 2010	Certification on the attendance of the directors during board meetings
April 26, 2010	Postponement of the Annual Stockholders' Meeting

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, 2010 and 2009; Related Statements of Income, Changes in Stockholders' Equity and Cash Flows for each of the three years in the period ended December 31, 2010

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 MAKATI CITY on APR 15 2011.

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)

ANA MARIA A. KATIGBAK
Corporate Secretary
and Compliance Officer

SUBSCRIBED AND SWORN to before me this APR 15 2011, affiants exhibiting to me their Residence Certificates, as follows:

NAME	CTC NO.	DATE OF ISSUE	PLACE OF ISSUE
Gener T. Mendoza	05929633	01-17-11	Makati City
Isabelita P. Mercado	12130083	01-05-11	Pasig City
Ana Maria A. Katigbak	05973676	01-25-11	Makati City

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Series of 2011

MA. ESMERALDA R. CUNANAN
Notary Public
Until December 31, 2011
Appt. No. M-36 (2010-2011) Attorney's Roll No.34562
MCLE Compliance No.III - 0011439 / 4-7-2010
PTR No. 2666527 / 1-4-2011 / Makati City
IBP Lifetime Member Roll No.05413

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, 2010 2009. 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 15 2011, affiants exhibiting to me their Residence Certificates, as follows:

NAME	CTC NO.	DATE OF ISSUE	PLACE OF ISSUE
Michael T. Defensor			
Gener T. Mendoza	05929633	01-17-2011	Makati City
Isabelita P. Mercado	12130083	01-05-2011	Pasig City

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MA. ESMERALDA R. CUNANAN
Notary Public
Until December 31, 2011
Appt. No. M-36 (2010-2011) Attorney's Roll No.34562
MCLE Compliance No.III - 0011439 / 4-7-2010
PTR No. 2666527 / 1-4-2011 / Makati City
IBP Lifetime Member Roll No.05413

Minerales Industrias Corporation

Financial Statements
December 31, 2010 and 2009
and Years ended December 31, 2010, 2009 and 2008

and

Independent Auditors' Report

SyCip Gorres Velayo & Co.

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-1

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Minerales Industrias Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Minerales Industrias Corporation, which comprise the statements of financial position as at December 31, 2010 and 2009, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years ended December 31, 2010 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Minerales Industrias Corporation as at December 31, 2010 and 2009, and its financial performance and its cash flows for each of the three years ended December 31, 2010 in accordance with Philippine Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which indicate that the Company incurred a net loss of ₱1,334,004, ₱833,096 and ₱976,768 for the years ended December 31, 2010, 2009 and 2008 respectively. For the last few years, the Company has not been engaged in any investing and 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 Company's management, however, continues to assess investment opportunities and various options that the Company may undertake in the future.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and license fees in Note 14 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Minerales Industrias Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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
BIR Accreditation No. 08-001998-81-2009,
September 30, 2009, Valid until September 29, 2012
PTR No . 2641563, January 3, 2011, Makati City

March 24, 2011

MINERALES INDUSTRIAS CORPORATION
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2010	2009
ASSETS		
Current Assets		
Cash on hand and in bank (Notes 4 and 12)	**₱4,969,760**	₱2,104,785
Other current assets - net (Note 6 and 14)	**1,926,336**	1,848,964
Total Current Assets	**₱6,896,096**	₱3,953,749
Noncurrent Asset		
Available-for-sale financial assets (Notes 5 and 12)	**154,324**	408,354
	₱7,050,420	₱4,362,103
LIABILITIES AND EQUITY		
Current Liabilities		
Accrued expenses and other payables (Notes 7 and 12)	**₱117,374**	₱391,023
Advances from stockholders (Notes 7 and 12)	–	685,000
Total Current Liabilities	**117,374**	1,076,023
Equity		
Capital stock (Note 9)	**190,000,000**	180,000,000
Subscribed capital stock (Note 9)	–	5,045,000
Reserve for fluctuation on available-for-sale financial assets (Note 5)	**63,133**	37,163
Deficit	**(183,130,087)**	(181,796,083)
Total Equity	**6,933,046**	3,286,080
	₱7,050,420	₱4,362,103

See accompanying Notes to Financial Statements.

MINERALES INDUSTRIAS CORPORATION
STATEMENTS OF INCOME

	Years Ended December 31		
	2010	2009	2008
INCOME			
Realized gain on available-for-sale financial assets (Note5)	**₱112,727**	₱280,000	₱173,211
Interest (Note 4)	**18,241**	318	240
	130,968	280,318	173,451
EXPENSES			
Professional fees	**542,800**	327,143	362,857
Salaries and wages	**362,782**	288,238	265,000
Stock exchange listing fee	**270,000**	250,000	250,000
Rent and utilities	**120,000**	120,000	120,000
Taxes and licenses	**58,912**	8,929	9,804
Entertainment, amusement and recreation	**43,939**	48,520	37,415
Transportation	**32,935**	36,493	39,399
Office supplies and printing costs	**11,150**	13,632	35,515
Miscellaneous	**18,806**	20,395	30,181
	1,461,324	1,113,350	1,150,171
LOSS BEFORE INCOME TAX	**1,330,356**	833,032	976,720
PROVISION FOR INCOME TAX (Note 10)	**3,648**	64	48
NET LOSS	**₱1,334,004**	₱833,096	₱976,768
Basic/Diluted Loss Per Share (Note 11)	**₱0.0071**	₱0.0046	₱0.0054

See accompanying Notes to Financial Statements.

MINERALES INDUSTRIAS CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2010	2009	2008
NET LOSS	**(₱1,334,004)**	(₱833,096)	(₱976,768)
OTHER COMPREHENSIVE INCOME (LOSS)			
Fair value changes on AFS financial assets	**138,697**	355,743	25,902
Realized gains on AFS financial assets	**(112,727)**	(280,000)	(173,211)
	25,970	75,743	(147,309)
TOTAL COMPREHENSIVE LOSS	**(₱1,308,034)**	(₱757,353)	(₱1,124,077)

See accompanying Notes to Financial Statements.

MINERALES INDUSTRIAS CORPORATION
STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 9)	**Subscribed Capital Stock** (Note 9)	**Subscription Receivable** (Note 9)	**Deposits for Future Stock Subscriptions**	**Reserve for fluctuation on Available-for-Sale Financial Assets**	**Deficit**	**Total**
At January 1, 2010	**₱180,000,000**	**₱10,000,000**	**(₱4,955,000)**	**₱–**	**₱37,163**	**(₱181,796,083)**	**₱3,286,080**
Issuance of shares	**10,000,000**	**(10,000,000)**	**4,955,000**	–	–	–	**4,955,000**
Net loss	–	–	–	–	–	**(1,334,004)**	**(1,334,004)**
Other comprehensive income (Note 5)	–	–	–	–	**25,970**	–	**25,970**
Total comprehensive loss	–	–	–	–	**25,970**	**(1,334,004)**	**(1,308,034)**
At December 31, 2010	**₱190,000,000**	**₱–**	**₱–**	**₱–**	**₱63,133**	**(₱183,130,087)**	**₱6,933,046**
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 9)	–	–	–	(1,100,000)	–	–	(1,100,000)
Subscription of shares	–	10,000,000	(4,955,000)	–	–	–	5,045,000
Net loss	–	–	–	–	–	(833,096)	(833,096)
Other comprehensive income (loss) (Note 5)	–	–	–	–	75,743	–	75,743
Total comprehensive loss	–	–	–	–	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 9)	–	–	–	1,100,000	–	–	1,100,000
Net loss	–	–	–	–	–	(976,768)	(976,768)
Other comprehensive income (Note 5)	–	–	–	–	(147,309)	–	(147,309)
Total comprehensive loss	–	–	–	–	(147,309)	(976,768)	(1,124,077)
At December 31, 2008	₱180,000,000	₱–	₱–	₱1,100,000	(₱38,580)	(₱180,962,987)	₱98,433

See accompanying Notes to Financial Statements.

MINERALES INDUSTRIAS CORPORATION
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2010	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	**(₱1,330,356)**	(₱833,032)	(₱976,720)
Adjustments for:			
Realized gain on available-for-sale financial assets (Note 5)	**(112,727)**	(280,000)	(173,211)
Interest income	**(18,241)**	(318)	(240)
Operating loss before working capital changes	**(1,461,324)**	(1,113,350)	(1,150,171)
Changes in assets and liabilities			
Decrease (increase) in:			
Receivables	**–**	–	48,000
Other current assets	**(77,372)**	(69,205)	(61,626)
Increase (decrease) in accrued expenses and other payables	**(273,649)**	286,670	(277)
Net cash used in operations	**(1,812,345)**	(895,885)	(1,164,074)
Interest received	**18,241**	318	240
Income taxes paid	**(3,648)**	(64)	(48)
Net cash used in operating activities	**(1,797,752)**	(895,631)	(1,163,882)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of available-for-sale financial assets	**1,935,389**	2,420,865	173,211
Acquisition of available-for-sale financial assets	**(1,542,662)**	(2,420,865)	–
Net cash generated from investing activities	**392,727**	–	173,211
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from (payment of):			
Advances from shareholders	**(685,000)**	(2,090,000)	975,000
Stock subscriptions (Note 9)	**4,955,000**	5,045,000	–
Net cash generated from financing activities	**4,270,000**	2,955,000	975,000
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANK	**2,864,975**	2,059,369	(15,671)
CASH ON HAND AND IN BANK AT BEGINNING OF YEAR	**2,104,785**	45,416	61,087
CASH ON HAND AND IN BANK AT END OF YEAR (Note 4)	**₱4,969,760**	₱2,104,785	₱45,416

See accompanying Notes to Financial Statements.

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

The Company incurred net losses of ₱1,334,004, ₱833,096 and ₱976,768 for the years ended December 31, 2010, 2009 and 2008, respectively. The Company's deficit as of December 31, 2010, 2009 and 2008 amounted to ₱183,130,087, ₱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, 2010, 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 March 24, 2011.

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. 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).

Adoption of New and Amended Accounting Standards and Interpretations
The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended PFRS and Philippine Interpretations which were adopted as of January 1, 2010. Unless otherwise indicated, the adoption of these following new and amended PFRS and Philippine Interpretations did not have an impact on the Company's financial statements.

- Amendment to PFRS 2, *Share-based Payment - Group Cash-settled Share-based Transactions*
  The Amendment clarifies the scope and the accounting for group cash-settled share-based payment transaction in the separate or individual financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction.

- Revised PFRS 3, *Business Combinations* and Amended PAS 27, *Consolidated and Separate Financial Statements*
  The revised PFRS 3 introduces a number of changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of noncontrolling interest (NCI), the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results.

  The amended PAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by the revised PFRS 3 and amended PAS 27 affect acquisitions or loss of control of subsidiaries and transactions with NCI after January 1, 2010.

- Amendment to PAS 39, *Financial Instruments: Recognition and Measurement - Eligible Hedged Items*
  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. This also covers the designation of inflation as a hedged risk or portion in particular situations.

- Philippine Interpretation IFRIC 17, *Distributions of Noncash Assets to Owners*
  This Philippine Interpretation is provides guidance on accounting for arrangements whereby an entity distributes noncash assets to shareholders either as distribution of reserves or as dividends.

Improvements to PFRSs
The omnibus amendments to PFRSs issued in April 2009 were issued primarily with a view to removing inconsistencies and clarifying wordings. There are separate transitional provisions for each standard. The adoption of these amended standards did not have any significant impact on the Company's financial statements, unless otherwise indicated.

Improvements to PFRS 2008

- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*
  This Amendment clarifies that when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains an NCI after the sale transaction. The Amendment is effective for annual periods beginning on or after July 1, 2009.

Improvements to PFRSs 2009

- PFRS 2, *Share-based Payment*
  This Amendment 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.

- PFRS 8, *Operating Segments*
  This Amendment 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*
  This Amendment 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*
  This Amendment explicitly states that only an expenditure that results in a recognized asset can be classified as a cash flow from investing activities.

- PAS 17, *Leases*
  This Amendment 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 amendments will be applied retrospectively.

- PAS 36, *Impairment of Assets*
  This Amendment 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*
  This Amendment 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.

  It also 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 - Eligible Hedge Items*
  This Amendment clarifies that:
  (a) 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) 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, and
  (c) 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*
  This Philippine Interpretation clarifies that it does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation of a joint venture.

- Philippine Interpretation IFRIC 16, *Hedges of a Net Investment in a Foreign Operation*
  This Philippine Interpretation 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.

Future Changes in Accounting Policies

The Company has not applied the following PFRS and Philippine Interpretations which are not yet effective for the year ended December 31, 2010. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on its financial statements.

Effective in 2011

- Revised PAS 24, *Related Party Disclosures*
  The revised Standard is effective for annual periods beginning on or after January 1, 2011. It clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government-related entities. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

- Amendment to PAS 32, *Classification of Rights Issues*
  The Amendment to PAS 32 is effective for annual periods beginning on or after February 1, 2010. It amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's nonderivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.

- Amendments to PFRS 7, *Financial Instruments: Disclosures - Transfers of Financial Assets*
  The Amendments to PFRS 7 are effective for annual periods beginning on or after July 1, 2011. The Amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The Amendments also require additional disclosure if a disproportionate amount of transfer transactions are undertaken around the end of the reporting period.

- Amendments to Philippine Interpretation IFRIC 14, *Prepayments of a Minimum Funding Requirement*
  The Amendment to Philippine Interpretation IFRIC 14 effective for annual periods beginning on or after January 1, 2011, with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The Amendment permits an entity to treat the repayment of a minimum funding requirement of an asset.

- Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*
  This Philippine Interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In the case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss.

Effective in 2012

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This Philippine Interpretation 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 rewards of ownership are transferred to the buyer on a continuous basis, will also be accounted for based on stage of completion.

- Amendment to PAS 12, *Income Taxes - Deferred Tax: Recovery of Underlying Assets*
  It provides a practical solution to the problem of assessing whether recovery of an asset will be through use or sale. It introduces a presumption that recovery of the carrying amount of an asset will, normally, be through sale.

Effective in 2013

- PFRS 9, *Financial Instruments: Classification and Measurement*
  PFRS 9, as issued in 2010, reflect the first place of the work on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. The Standard is effective for annual periods beginning on or after January 1, 2013. In subsequent phases, hedge accounting and derecognition will be addressed.

Improvements to PFRS

The omnibus amendments to 2010 issued Standards have not been adopted as they become effective for annual periods on or either after July 1, 2010 or January 1, 2011. The Company has not yet adopted the following amendments and anticipates that these changes will have no material effect on its financial statements.

- Revised PFRS 3, *Business Combinations*
  This Amendment clarifies that the Amendments to PFRS 7, *Financial Instruments: Disclosures*, PAS 32, and PAS 39, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of PFRS 3 (as revised in 2008).

  It also limits the scope of the measurement choices that only the components of NCI that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation, shall be measured either: at fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. Other components of NCI are measured at their acquisition date fair value, unless another measurement basis is required by another PFRS.

The Amendment also requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses. However, if the entity replaces the acquiree's awards that expire as a consequence of the business combination, these are recognised as post-combination expenses. It further specifies the accounting for share-based payment transactions that the acquirer does not exchange for its own awards: if vested - they are part of NCI and measured at their marked-based measure; if unvested - they are measured at marketbased value as if granted at acquisition date, and allocated between NCI and post-combination expense.

- PFRS 7, *Financial Instruments: Disclosures*
  This Amendment emphasises the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. Amendments to quantitative and credit risk disclosures are as follows:

  a) Clarification that only financial assets whose carrying amount does not reflect the maximum exposure to credit risk need to provide further disclosure of the amount that represents the maximum exposure to such risk.
  b) Requirement for all financial assets to disclose the financial effect of collateral held as security and other credit enhancements regarding the amount that best represents the maximum exposure to credit risk (e.g., a description of the extent to which collateral mitigates credit risk).
  c) Removal of the disclosure of the collateral held as security, other credit enhancements and an estimate of their fair value for financial assets that are past due but not impaired, and financial assets that are individually determined to be impaired.
  d) Removal of the requirement to specifically disclose financial assets renegotiated to avoid becoming past due or impaired.
  e) Clarification that the additional disclosure required for financial assets obtained by taking possession of collateral or other credit enhancements are only applicable to assets still held at the reporting date.

- PAS 1, *Presentation of Financial Statements*
  This Amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

- PAS 27, *Consolidated and Separate Financial Statements*
  This Amendment clarifies that the consequential amendments from PAS 27 made to PAS 21, *The Effect of Changes in Foreign Exchange Rates*, PAS 28, *Investments in Associates* and PAS 31, *Interests in Joint Ventures* apply prospectively for annual periods beginning on or after July 1, 2009 or earlier when PAS 27 is applied earlier.

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*
  This Amendment clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

Cash on hand and in bank
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 on the statement of financial position when it 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
All financial assets are initially recognized at fair value. Except for financial assets at fair value through profit or 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. Financial liabilities are classified as either financial liabilities at FVPL or other financial liabilities.

The classification depends on the purpose for which the investments were acquired and whether these 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.

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

As of December 31, 2010 and December 31, 2009, the Company has no financial assets and liabilities at FVPL and HTM investments.

Determination of fair value
The fair values for financial instruments traded in active markets at the financial reporting date are based on their quoted market prices 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 ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

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

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.

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

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 statement of financial position caption "Cash on hand and in bank".

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 income. The losses arising from impairment of such loans and receivables are recognized in provision for impairment losses in the statement of income.

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 investments 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 "Fair value changes 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 income when the right of payment has been established. The losses arising from impairment of such investments are recognized in the statement of income.

Other financial liabilities
Other financial liabilities pertain to issued financial instruments that are not classified or designated as at FVPL and contains contractual obligations to deliver cash or another financial asset 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. 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 right 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 right 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, cancelled, or has 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 income.

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 income. 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 difference between loss estimate 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 income - is removed from other comprehensive income 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 in other comprehensive income.

Offsetting
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.

Equity
Capital stock
Capital stock is measured at par value for all shares issued.

Deficit
Deficit represents the cumulative amount of net losses of the Company.

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 income is recognized as the interest accrues, taking into account the effective yield on the asset.

Expenses
Expenses are decreases in economic benefits during the accounting period in the form of outflows or decreases of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are recognized in profit or loss in the period these are incurred.

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 have been enacted or substantially enacted as at 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 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 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 all or part of the deferred tax assets to be recovered.

Deferred 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 as 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.

Value-added tax (VAT)

Revenue, expenses and assets are recognized net of the amount of sales tax except:

- where the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and,
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from the tax authority is included as part of "Other current assets" in the statement of financial position.

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 income, 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 date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

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.

Judgment
In the process of applying the Company's accounting policies, management has made the following judgment, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Operating lease commitments - Company as lesse
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 expense in the statement of income 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 an 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 receivable's, 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 judgments and estimates. 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, 2010 and 2009, receivables amounted to ₱1,066,172 have been fully provided with allowance for impairment losses.

Fair value of AFS financial assets

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

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 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 or '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 discount factors for unquoted equities.

As of December 31, 2010 and 2009, AFS financial assets amounted to ₱154,324 and ₱408,354, respectively (see Note 5).

Recognition of deferred tax assets

As of December 31, 2010 and 2009, 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 10). As of December 31, 2010 and 2009, unrecognized deferred tax assets amounted to ₱1,992,410 and ₱1,909,616, respectively

4. Cash on hand and in bank

This account consists of:

	2010	2009
Cash on hand	**₱5,000**	₱5,000
Cash in bank	**4,964,760**	2,099,785
	₱4,969,760	₱2,104,785

Cash in bank earns interest at the prevailing bank deposit rates. Interest earned on cash in bank amounted to ₱18,241, ₱318 and ₱240 in 2010, 2009 and 2008, respectively.

5. AFS Financial Assets

This account represents 350,737 shares in Suntrust Home Development, Inc. (Suntrust) as of December 31, 2010 and 1,000,000 shares of Lepanto Consolidated Mining Co. Series A (Lepanto) and 350,737 shares in Suntrust as of December 31, 2009. The cost of these investments as of December 31, 2010 and 2009 amounted to ₱91,191 and ₱371,191, respectively.

The movements of AFS financial assets follow:

	2010	2009
Balance at beginning of year	**₱408,354**	₱52,611
Additions	**1,542,662**	2,420,865
Disposal	**(1,822,662)**	(2,140,865)
Fair value gains	**25,970**	75,743
Balance at end of year	**₱154,324**	₱408,354

In 2010, 2009 and 2008, the Company sold AFS financial assets with costs amounting to ₱1,822,662, ₱2,140,865 and ₱1,094,966, respectively, for total considerations of ₱1,935,389, ₱2,420,865, and ₱173,211, respectively. The sale resulted to the recognition of realized gain in the Company's statements of income amounting to ₱112,727 in 2010, ₱280,000 in 2009 and ₱173,211 in 2008.

The movements of revaluation reserve on AFS financial assets follow:

	2010	2009
Balance at beginning of year	**₱37,163**	(₱38,580)
Fair value changes	**138,697**	355,743
Realized gains	**(112,727)**	(280,000)
Balance at end of year	**₱63,133**	₱37,163

6. **Other Current Assets -** net

This account consists of:

	2010	2009
Prepaid taxes	**₱1,976,300**	₱1,976,300
Creditable withholding tax	**1,137,429**	1,137,429
Input VAT	**774,419**	698,583
Prepaid expenses	**14,488**	12,952
	3,902,636	3,825,264
Less allowance for impairment losses	**1,976,300**	1,976,300
	₱1,926,336	₱1,848,964

The movements of allowance for impairment losses follow:

	2010	2009
Balance at beginning of year	**₱1,976,300**	₱1,907,803
Adjustment to creditable withholding tax	–	68,497
Balance at end of year	**₱1,976,300**	₱1,976,300

7. **Accrued expenses and other payables**

This account consists of:

	2010	2009
Accrued expenses	**₱110,000**	₱110,000
Taxes payable	**7,374**	8,933
Accounts payable	–	272,090
	₱117,374	₱391,023

Accrued expenses and other payables are non-interest-bearing and are generally within 30- to 60-day terms.

8. **Advances from Stockholders**

This represents non-interest bearing advances obtained from shareholders to finance the operating requirements of the Company. This was paid in full in 2010.

9. **Equity**

Capital Stock

The authorized capital stock of the Company follows:

	2010	2009
Common stock, ₱1 par value 240,000,00 shares	**240,000,000**	240,000,000

The movements in the number of shares issued and outstanding follow:

	2010	2009
At the beginning of year	**180,000,000**	180,000,000
Issuance	**10,000,000**	–
At the end of year	**190,000,000**	180,000,000

Subscribed and outstanding shares of the Company follow:

	2010	2009
Subscribed and paid	**₱–**	₱5,045,000
Subscriptions receivable	–	4,955,000
At the end of year	–	₱10,000,000

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 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 stockholders paid for the outstanding subscriptions receivable amounting to ₱3,655,000 and ₱1,300,000, respectively.

10. **Income Tax**

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:

	2010	2009
Allowance for impairment losses	**₱3,042,472**	₱3,042,472
NOLCO	**3,598,899**	3,322,914
	₱6,641,371	₱6,365,386

Deferred tax assets are recognized 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, 2010 consists of:

Year Incurred	Amount	Expiry Date
2008	₱1,112,756	2011
2009	1,067,631	2012
2010	1,418,512	2013
	₱3,598,899	

The movements in NOLCO follow:

	2010	2009
Balance at beginning of year	**₱3,322,914**	₱2,873,387
Additions	**1,418,512**	1,067,631
Expiration	**(1,142,527)**	(618,104)
Balance at end of year	**₱3,598,899**	₱3,322,914

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

	2010	2009	2008
Statutory income tax	**(₱399,107)**	(₱249,910)	(₱341,852)
Add (deduct) tax effects of:			
Change in unrecognized deferred tax assets	**425,554**	320,289	389,465
Nontaxable income	**(33,818)**	(84,000)	(60,624)
Interest income subjected to lower tax rate	**(1,824)**	(31)	(36)
Nondeductible entertainment, amusement and recreation expense	**12,843**	13,716	13,095
Effective income tax	**₱3,648**	₱64	₱48

11. Basic/Diluted Loss per Share

Basic/diluted loss per share was computed as follows:

	2010	2009	2008
Net loss (a)	**₱1,334,004**	(₱833,096)	(₱976,768)
Weighted average number of outstanding common shares (b)	**189,166,667**	180,000,000	180,000,000
Basic/diluted loss per share (a/b)	**(₱0.0071)**	(₱0.0046)	(₱0.0054)

The basic EPS is equal to the diluted EPS since the Company has no potential shares that will have a dilutive effect on EPS.

12. **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.

	2010		2009	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Loans and Receivables				
Cash	**₱4,969,760**	**₱4,969,760**	₱2,104,785	₱2,104,785
AFS financial assets	**154,324**	**154,324**	408,354	408,354
Total financial assets	**₱5,124,084**	**₱5,124,084**	₱2,513,139	₱2,513,139
Other Financial Liabilities				
Accrued expenses and other payables	**₱110,000**	**₱110,000**	₱382,090	₱382,090
Advances from shareholders	–	–	685,000	685,000
Total financial liabilities	**₱110,000**	**₱110,000**	₱1,067,090	₱1,067,090

Due to the short-term nature of these transactions, the fair values of cash on hand and in bank 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 considers its AFS equity securities amounting to ₱154,324 and ₱408,354 as of December 31, 2010 and 2009, respectively, under Level 1 classification (see Note 5). During the reporting periods ended December 31, 2010 and 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 measurement.

Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash on hand and in bank, AFS financial assets, advances from shareholders and accrued expenses and other payables. The main purpose of the Company's financial instruments is to fund its 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

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rate. 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 on hand and in bank amounting to ₱4,969,760 and ₱2,104,785 as of December 31, 2010 and 2009, respectively (see Note 4).

The Company's cash on hand and in bank 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
Liquidity or funding risk is the risk associated with the difficulty of selling financial assets in a timely manner at their values to meet obligations.

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 stockholders, subscriptions receivable, accrued expenses and other payables are all due within one year.

Price risk
The Company's price risk exposure at year-end relates to the Company's 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.

Price risk is the risk that future cash flows will fluctuate because of changes in market prices of individual stocks and the changes in the level of Philippine Stock Exchange index (PSEi).

The sensitivity of net asset value is the effect of the assumed changes in the market index on AFS financial assets for the effects of the assumed changes in market index.

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:

2010

Change in variables	**Impact on net asset value**
14%	**₱12,815**
(14%)	**(₱12,815)**

2009

Change in variable	Impact on net asset value
9%	₱70,635
(9%)	(₱70,635)

The impact on net asset value is arrived at using the reasonably possible change of PSEi and the specific adjusted beta of each stock the Company holds. The possible change of PESi was determined based on daily movement of PSE index for the past 3 years. Adjusted beta is the forecasted measure of the volatility of a security or a portfolio in comparison to the market as a whole.

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, 2010, 2009 and 2008, the Company has a deficit of ₱183,130,087, ₱181,796,083 and ₱180,962,987, 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.

The Company is not subject to any externally imposed capital requirements.

13. **Operating Segments**

As of December 31, 2010 and 2009, 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.

14. **Supplementary Information Required Under Revenue Regulations 15-2010**

In compliance with the requirements set forth by Revenue Regulations 15-2010, hereunder are the information on taxes and license fees paid or accrued in 2010.

Value added tax (VAT)
The Company's sales are subject to output VAT while its importations and purchases from other VAT-registered individuals or corporations are subject to input VAT. The VAT rate is 12%.

a. The Company did not have any transaction subjected to output VAT in 2010.

b. Input VAT for 2010

Balance at January 1, 2010	₱698,583
Current year's domestic purchases/payments for:	
Goods other than for resale or manufacture	1,779
Services lodged under other accounts	79,057
	779,419
Claims for tax credit	–
Balance at December 31, 2010	₱774,419

Information on the Company's Importations for 2010
The Company did not have any importation transaction in 2010.

Documentary Stamp Tax
The documentary stamp tax paid by the Company amounting to ₱50,000 is related to the issuance of common shares of the Company amounting to ₱10,000,000.

Other Taxes and Licenses
This includes all other taxes, local and national, including licenses and permit fees lodged under the caption “Taxes and Licenses” in the Company’s statement of income.

Local		
Mayor’s permit	₱5,590	
Business clearance	1,100	
Notarial fees	100	
Others	1,622	8,412
National		
BIR Annual registration		500
		₱8,912

Withholding Taxes
The withholding taxes paid in 2010 follow:

Tax on compensation and benefits	₱21,650
Creditable withholding taxes	18,224
	₱39,874

Tax Assessment and Cases
The Company has no Final Assessment Notice and/or Formal letter of Demand from the Bureau of Internal Revenue (BIR) for alleged deficiency income tax, VAT and withholding tax.

In addition, the Company has no pending tax case outside the administration of the BIR

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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 financial statements of Minerales Industrias Corporation (the Company) for the year ended December 31, 2010 on which we have rendered the attached report dated March 24, 2011.

In compliance with Securities Regulation Code Rule No. 68, we are stating that the Company has one hundred twenty six (126) stockholders owning one hundred (100) or more shares each.

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
BIR Accreditation No. 08-001998-81-2009,
September 30, 2009, Valid until September 29, 2012
PTR No. 2641563, January 3, 2011, Makati City

March 24, 2011

MINERALES INDUSTRIAS CORPORATION
SCHEDULE A - MARKETABLE SECURITIES
December 31, 2010

Name of Issuing Entity and Description of Each Issue	Number of Shares	Amount of Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Suntrust Home Development Inc.. (Formerly FAIRMONT Holdings Inc.)	350,737	154,324	154,324	-

MINERALES INDUSTRIAS CORPORATION
SCHEDULE K - CAPITAL STOCK
December 31, 2010

Title of Issue	Number of Shares Authorized	Number of Shares and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions 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	7,567,000	182,433,000