

MINERALES INDUSTRIAS CORPORATION

Room 322 LRI Design Plaza
210 N. Garcia Street
Makati City, Philippines

May 21, 2012

Philippine Stock Exchange Inc.
Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Metro Manila

Attention: **Ms. Janet Encarnacion**
Head, Disclosure Department

Re: **Minerales Industrias Corporation**

Gentlemen:

Please refer to the attached Amended SEC Form 17-A that we submitted to the Securities and Exchange Commission together with our letter answering the various questions raised by the SEC.

Very truly yours,


ANA MARIA KATIGBAK
Corporate Secretary
and Compliance Officer

MHC

COVER SHEET

AS095-008557

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)

AMENDED
1 7 - A
(Form Type)

0 5 2 3
Month Day
(Annual Meeting)

(Secondary License Type, If Applicable)

SEC
Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings
 Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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MINERALES INDUSTRIAS CORPORATION

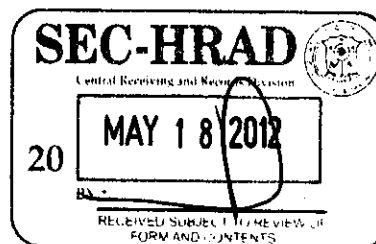
Room 322, 3rd Floor, LRI Design Plaza, 210 Nicanor Garcia St., Makati City
Telefax No. 897-5257

May 16, 2012

Securities and Exchange Commission
SEC Building
EDSA, Mandaluyong City

Attention: **Atty. Justina Callangan**
Director

Re: **2011 Annual Report**



Gentlemen:

We reply to your letter dated April 19, 2012, a copy of which we received on May 3, 2012, advising Minerales Industrias Corporation (the "Corporation") of certain findings pertaining to its 2011 Annual Report (SEC Form 17-A), and requiring the Corporation to submit an Amended 2011 Annual Report and its explanation on the findings of the Commission, within 15 days or until May 18, 2012.

In compliance with your requirement, we hereby provide the following explanation on each of the findings mentioned in your letter dated April 19, 2012:

Finding 1: Item 6 – Management Discussion and Analysis – Explain the causes underlying these losses and the steps the registrant has taken or is taking to address these causes.

Response: The Company has no business operations. In the last several years, it has been in active search for a strategic partner or investor with the requisite financial resources and business base on which to anchor its growth.

In the interim, it has been incurring administrative expenses to fund its minimal operations; hence the reported net losses.

Finding 2: Item 7 – Audited Financial Statements – Additional Components of Financial Statements: (a) reconciliation of retained earnings available for dividend declaration; (b) reconciliation of retained earnings available for dividend declaration which shall present the prescribed adjustments as indicated in Annex 68-C; and (c) map of the conglomerate group of companies showing the relationships between and among the company and its ultimate parent company.

Response: A Supplementary Schedule of Deficit for the year ended December 31, 2011 together with the Independent Auditors' Report on Supplementary Schedules have been included in the audited financial statements of the Company to address items 7 (a) and (b) hereof. Please note that item 7 (c) is not applicable as the Company is a stand-alone entity.

Finding 3: **Item 7 - Audited Financial Statements - Additional Disclosure Requirements: (a) schedule showing financial soundness indicators in two comparative periods; (b) additional disclosures in Annex 68-D shall appear on the face of the balance sheets or related notes and in the statement of comprehensive income; (c) disclosures of receivable/ payable with related parties eliminated during consolidation.**

Response: The schedule of financial soundness indicators in two comparative periods has been included in the audited financial statements of the Company. Items 7 (b) and (c) hereof are not applicable to the Company.

Finding 4: **Item 13- Corporate Governance - Disclose any deviation from the company's manual on corporate governance, including the name and position of the person/s involved and sanction/s imposed on said individual.**

Response: The Corporation, its directors and officers, have complied with the provisions of the Corporation's Manual of Corporate Governance and there have been no deviations from such manual.

We likewise submit herewith the Amended 2011 Annual Report of the Corporation.

We trust that the foregoing sufficiently addresses your requirements. Should you have further questions or clarifications, please let us know.

Kind regards.

Very truly yours,

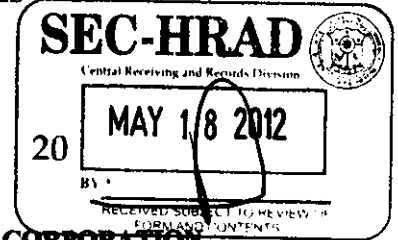


GENER T. MENDOZA
President

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, 2011 (Amended)
- 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
- 6. [REDACTED] (SEC Use Only)
- 7. Room 322, 3rd Floor, LRI Design Plaza, 210 N. Garcia Street, Brgy. Sta. Cruz, Makati City Postal Code 1200
- 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	<u>190,000,000</u>

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, 2011:

Assumptions:

(a) Total number of shares held by non-affiliates as of December 31, 2011 182,433,000

(b) Closing price of the Registrant's share on the exchange as of December 31, 2011 4.50

Aggregate market price of (a) as of December 31, 2011 820,948,500

**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

The Philippine economy grew by 3.7 percent in 2011, significantly lower than the record 7.6 percent achieved in 2010 but still within NEDA's growth forecast of 3.6 to 4.0 percent for the year. The slower growth resulted from several external factors, starting from the MENA crisis that sent oil prices higher, the sluggish economic recovery of the U.S. and the European debt crisis, as well as the Thailand and Japan tragedies and their resulting supply chain disruptions. Local weather disturbances also affected the agricultural sector in the last quarter of 2011.

The government expects a 5 to 6 percent growth in Gross Domestic Product for 2012, underpinned by the continued acceleration in public spending which started in the last quarter of 2011. Investments are seen to post strong growth, particularly with the implementation of key infrastructure projects under the Private-Public Partnership program. Private construction is expected to remain robust especially in the office sector, while investments are also projected to expand in the energy, mining, low-cost housing sectors and in identified priority industry areas.

Already, exports ended an 8-month slump by growing 3 percent year-on-year in January 2012. Remittances remain strong, providing a solid base for sustained growth in household consumption. Business sentiment is very bullish, based on results of surveys conducted by the Makati Business Club and the Bangko Sentral ng Pilipinas, a clear affirmation of government's thrust to curb corruption, strengthen the country's fiscal position and achieve equitable and inclusive growth. The PSEi is at an all-time high, breaching the 5,000 mark early this March when all previous forecasts and predictions were looking at end-2012 for the index to reach that level.

Amid this favorable economic outlook, the Company will continue its search for investors and strategic partners who can infuse financial resources and provide it with a solid business base.


GENER T. MENDOZA
President

TABLE OF CONTENTS

PART I – BUSINESS AND GENERAL INFORMATION.....	6
Item 1. Business.....	6
Item 2. Properties.....	9
Item 3. Legal Proceedings	9
Item 4. Submission of Matters to a Vote of Security Holders.....	9
PART II – OPERATIONAL AND FINANCIAL INFORMATION.....	10
Item 5. Market for Issuer’s Common Equity and Related Stockholders Matters	10
Item 6. Management’s Discussion and Analysis or Plan of Operation	11
Item 7. Financial Statements.....	15
Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	15
PART III – CONTROL AND COMPENSATION INFORMATION.....	15
Item 9. Directors and Executive Officers of the Issuer	15
Item 10. Executive Compensation.....	18
Item 11. Security Ownership of Certain Beneficial Owners and Management	19
Item 12. Certain Relationships and Related Transactions.....	21
PART IV – CORPORATE GOVERNANCE	21
PART V – EXHIBITS AND SCHEDULES.....	24
Item 14. Exhibits and Reports on SEC Form 17-C	24
SIGNATURES	26
INDEX TO FINANCIAL STATEMENTS, SUPPLEMENTARY SCHEDULES AND SEC FORM 17C	

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, ₱5.045 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 ₱3,655,000 and ₱1,300,000, 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

Despite many challenges brought about by external factors, the Philippines managed to grow 3.7 percent in 2011. This was much lower than the 7.6 percent posted for the year 2010 which however was aided by election-related spending. The weaker growth was brought on by the continuing sluggishness in world economic recovery, the unexpected upturn in oil prices resulting from the political turmoil in the Middle East and North Africa, and some natural disasters that directly affected Thailand, Japan and the Philippines to some extent.

On the supply side, economic growth was supported by the improved agricultural output and the sustained performance of the services sector, particularly the business process outsourcing industry. On the demand side, the robust consumer spending fueled by strong remittances cushioned the decline in government spending and exports.

The PSEi ended 2011 by closing at 4,371.96 points, a modest growth of 4.1 percent over the previous year's close of 4,201.14 points. In January of this year, however, the index set new highs six times before ending the month at 4,682.44 points or 7.1 percent higher than the 2011 close. The market surpassed all expectations when the index hit the 5000-mark early in March and has remained at that level since the middle of the month. Trading volumes have been robust since the start of the year, in view of substantial net foreign buying.

The economy is poised to grow at between 4 to 6 percent this year, on the back of continued increases in government infrastructure spending and the expected growth in private sector investments in mining, energy and infrastructure, the latter as a result of implementation of key projects under the PPP program.

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 2011, 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 2011.

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 and the first quarter of 2011 are as follows:

Year	Quarter	High (in Php)	Low (in Php)
2010	First	4.10	2.50
	Second	3.55	2.65
	Third	3.78	2.60
	Fourth	3.68	2.90
2011	First	3.11	2.60
	Second	2.85	2.10
	Third	6.24	2.51
	Fourth	4.60	3.40

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

Year	Month/Date	Closing Price (in Php)
2012	January 31	5.58
	February 29	5.50
	March 28	4.99

(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, 2011 was 190.0 million shares. The top twenty (20) stockholders of the Company as of December 31, 2011 were as follows:

Name	Number of Shares	Percentage to Total
1. PCD Nominee Corporation (Filipino)	166,954,094	87.87%
2. Jewelle Y. Lao	7,168,997	3.77%
3. PCD Nominee Corporation (Non-Filipino)	2,436,900	1.28%
4. William D. Ty	2,000,000	1.05%
5. Victoria M. Vazquez	2,000,000	1.05%
6. Gener T. Mendoza	1,855,000	0.98%
7. Jocelyn Y. Lao	1,800,000	0.95%
8. David L. Kho	1,790,000	0.94%
9. Isabelita P. Mercado	1,000,000	0.53%
10. Sally Penalosa	1,000,000	0.53%
11. David L. Kho ITF Justine Dale Y. Kho	585,000	0.31%
12. Rene Chua	100,000	0.05%
13. Joseph Y. Lao	100,000	0.05%
14. Luisa Co Li	95,000	0.05%
15. Violeta L. Lim	74,000	0.04%
16. Alfredo R. Llorca	70,000	0.04%
17. Joseph See	70,000	0.04%
18. Ma. Teresita t. De Leon	61,000	0.03%
19. Hanson G. So &/or Larcy Marichi Y. So	61,000	0.03%
20. Pei Zhi Lin	60,000	0.03%
TOTAL	189,280,991	99.62%

(3) DIVIDENDS

No dividends, either in cash or stock, were declared on the shares for the last four (4) years, i.e., 2011, 2010, 2009 and 2008. There are no restrictions that limit the ability to pay dividends on common equity but the Company, as a general rule, shall only declare from surplus profit as determined by the Board of Directors so long as such declaration will not impair the capital of the Company

(4) RECENT SALES OF UNREGISTERED SECURITIES

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

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

PLAN OF OPERATIONS

With the bullish prospects for the economy and even stronger outlook for the equities market, management is hopeful that the Company will be able to conclude its search for strategic partners or investors within this year. As in the past, priority will be given to investors who can provide the requisite financial resources and business base on which to anchor the Company's growth.

In the meantime, the Company will continue its minimal operations, to be funded from existing cash reserves.

MANAGEMENT'S DISCUSSION AND ANALYSIS

2011

Income

Income for the year amounted to Php0.099 million, derived mainly from gain on sale of marketable securities. This is 24% lower than the Php0.13 million income posted in 2010.

Expense

Operating expenses for the year amounted to Php1.53 million (excluding provision for impairment of Php1.99 million). This is a slight increase of 4.8% over the Php1.46 million reported in 2010. The increase mainly came from the following: (i) salaries and wages by 12.6% from Php0.36 million to Php0.41 million; (ii) utilities by Php0.06 million to Php0.18 million, and (iii) office supplies and printing costs by Php0.06 million related to the holding of the annual stockholders' meeting in July.

Net Income/ (Loss)

The twelve-month operation of the Company ended with a net loss of Php3.42 million compared to the net loss of Php0.33 million in 2010. This was mainly due to the provision for impairment of input VAT and creditable withholding tax amounting to Php0.85 million and Php1.14 million, respectively.

The Company has no business operations. In the last several years, it has been in active search for a strategic partner or investor with the requisite financial resources and business base on which to anchor its growth.

In the interim, it has been incurring administrative expenses to fund its minimal operations; hence the reported net losses.

Financial Condition

Statements of financial position data	December 31, 2011	December 31, 2010	% Inc/ (Dec)
Total Current Assets	3,565,263	6,896,096	(48.3%)
Total Assets	3,565,263	7,050,420	(49.4%)
Total Current Liabilities	119,412	117,374	1.7%
Total Stockholders' Equity	3,445,851	6,933,046	(50.3%)

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

- Total assets decreased by 49.4% from Php7.05 million in 2010 to Php3.57 million in 2011 largely due to the impairment of input VAT and creditable withholding tax totaling Php1.99 million.
- Cash and cash equivalents went down by 28.7% from Php4.97 million in 2010 to Php3.55 million in 2011.
- Current ratio decreased from 58.75x in 2010 to 29.86x in 2011; net working capital totaled Php3.45 million in 2011 as compared to Php6.93 million in 2010.
- Total stockholders' equity went down by 50.3% from Php6.93 million in 2010 to Php3.45 million in 2011, due in large part to the provision for impairment as mentioned above.

Liquidity and Capital Resource

For the year ended December 31, 2011, net cash used in operations amounted to Php1.6 million as compared to Php1.8 million in 2010. The 2011 total includes the net loss of Php3.42 million and gain on sale of marketable securities of Php0.09 million. For 2011, provision for impairment of Php1.99 million was recognized on the input VAT and creditable withholding tax balances. Prepaid and other current assets increased also by Php0.08 million while accrued expenses and other payables remained flat.

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	6,896,096	3,953,749	74.4%
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 3.67x in 2009 to 58.75x 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 Php0.36 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 Php0.037 million to Php0.049 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	3,953,749	1,877,786	111%
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 3.67x 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.

Key Performance Indicators

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

KPI	Calculation	December 31, 2011	December 31, 2010	December 31, 2009
Current Ratio (1)	Current Assets/Current Liabilities	29.86x	58.75x	3.67x
Quick Ratio (2)	Cash /Current Liabilities	29.69x	42.34x	1.96x
Debt to Equity Ratio (3)	Liabilities/ Stockholders' Equity	0.03x	0.02x	0.33x
Book Value per share (4)	Total Assets -Total Liabilities/ Outstanding Shares	0.018	0.04	0.017
Loss per Share (5)	Net Loss/Weighted Average Number of Shares Outstanding	(0.018)	(.007)	(.004)

	<u>December 31, 2011</u>	<u>December 31, 2010</u>	<u>December 31, 2009</u>
(1) Current Ratio	3,565,263/119,412	6,896,096/117,374	3,953,749/1,076,023
(2) Quick Ratio	3,545,263/119,412	4,969,760/117,374	2,104,785/1,076,023
(3) Debt to Equity	119,412/3,445,851	117,374/6,933,046	1,076,023/3,286,080
(4) Book Value/Share	3,445,851/190,000,000	6,933,046/190,000,000	3,286,080/190,000,000
(5) Loss per Share	3,424,062/190,000,000	1,334,004/190,000,000	833,096/190,000,000

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
2011	Php 100,000.00	-	-
2010	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) Incumbent Directors and Executive Officers.

The Corporation's Articles of Incorporation provide for a seven seat Board of Directors. The following is the list of the members of the Board:

Name	Position	Age	Citizenship
Michael T. Defensor	Chairman	42	Filipino
Gener T. Mendoza	Director/ President	54	Filipino
Victor Y. Eleazar	Director	54	Filipino
Isabelita P. Mercado	Director/Treasurer	62	Filipino
Victoria M. Vazquez	Independent Director	56	Filipino
William D. Ty	Independent Director	67	Filipino
Ana Maria A. Katigbak	Corporate Secretary	43	Filipino
Antonio Victoriano F. Gregorio III	Director	38	Filipino

The following is a list of the Corporation's key executive officers as of the date of this report:

Name	Position	Age	Citizenship
Gener T. Mendoza	President	54	Filipino
Isabelita P. Mercado	Treasurer	62	Filipino
Ana Maria A. Katigbak	Corporate Secretary	43	Filipino

(b) Term of office.

The term of office of the Directors and executive officers is one (1) year from their election as such until their successors are duly elected and qualified.

Of the seven members of the Board, Messrs. Gener T. Mendoza, Victor Y. Eleazar, and William D. Ty and Ms. Victoria M. Vazquez and Ms. Isabelita P. Mercado have been directors of the Corporation since July, 2007. Mr. Michael T. Defensor has been a director and Chairman of the Board since February, 2008, while Mr. Antonio Victoriano F. Gregorio III has been a director since July 27, 2011. As regards the executive officers, Mr. Gener Mendoza has been President since July 2007, Atty. Ana Maria Katigbak has been Corporate Secretary since July, 2007, and Ms. Isabelita Mercado has been Treasurer since September, 2008.

(c) Business experience of the Directors and Officers during the past five (5) years.

MICHAEL T. DEFENSOR, 42, 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 was elected Chairman of Geo Management (Hongkong) Limited in October 2007 and Philippine National Railways Corp. as of October

2008; Director of Petron in December 2007 and Geograce Resources Philippines in January 2008. From July 31, 2007 up to present, he has been serving as a Consultant and Adviser to the Board of Directors of First Investment Corporation.

GENER T. MENDOZA, 54, 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. (2002 to present), 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 (2004 to present) and consultant to the receiver of Bacnotan Steel Industries Inc. He was recently appointed as assignee (in insolvency) of Magellan Cogeneration Inc. (2009 to present), rehabilitation receiver for five (5) property holding companies owned by Lehman Brothers Holdings Asia Ltd. (2008 to present) and receiver of Premium Agro-*vet* Products Inc. /Premium Laboratories Inc. (2009 to present). Previously, he was a principal at SyCip Gorres & Co. (1983 to 1991), vice president for corporate finance of Kuok Phil. Properties Inc. (1994 to 1996) and executive vice president of Crown Equities Inc. (1996). 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, 54, heads his own law firm, V.Y. Eleazar and Associates (2005-present). He specializes in trial and appellate work. He is a member of the Charter Institute of Arbitrators, East Asia Branch (2004). For the past five years, he has been a faculty member of Arellano University School of Law (1989-present) and is a regular MCLE lecturer on Legal Writing (2002-2007). Previously, he was a senior partner of Chato & Eleazar Law Offices (1994-2004), 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, 62, for the past five years has been the chair and chief executive officer of IPM Construction and Development Corporation (1991 to present), IPM Environment Services Inc. (2003 to present), IPM Realty & Development Corporation (1991 to present), IPM Trading and Development Corporation (1989 to present) and TRX Global Corporation (2008 to present). She also serves as president of Lee Gardens Property and Development Corporation (1997 to present) and director of several other companies within the IPM Group.

VICTORIA M. VAZQUEZ, 56, 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. (1986-present), and director and treasurer of Peak Development Inc. (1986-present). 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.

WILLIAM D. TY, 67, for the past five years has been the chair and president of WAM Realty and Development Corporation (1986-present), WAM Food and Development Corporation (1978-present), Wellington Investment Manufacturing Corporation (2000-present), and Toyota Cubao Inc. (1999-present). Apart from his business affiliations and interests, Mr. Ty also serves as a regular director of Organizational Change Consultants International Inc. (1995-present) and the Alicia Tan Ty Foundation (1994-present).

ANTONIO VICTORIANO F. GREGORIO III, 38, graduated with a Juris Doctor from the Ateneo de Manila University, Second Honors in 1998 and passed the bar examinations in 1999. He also has a Bachelor of Science Major in Management Engineering and a Bachelor of Arts, Major in Economics-Honors, both from the Ateneo de Manila University, with a standing of *magna cum laude*. For the past five years, Atty. Gregorio has been a Partner at Gregorio Law Offices and sits as director and officer of various public and private companies, including Lodestar Investments Holdings Corporation (Corporate Secretary and Assistant Corporate Information Officer, 2008 to present), Abacus Consolidated Resources and Holdings, Inc., AGP Industrial Corporation (Chairman), Active Earnings, Inc. (Corporate Secretary,

2003 to present), Tajima Yakiniku, Inc. (Corporate Secretary, 2005 to present), Tanba Yakiniku, Inc. (Corporate Secretary and Treasurer), Big Herald Link International Corporation (Corporate Secretary and Treasurer, 2004 to present), and Pride Development Bank Corporation, among other companies.

ANA MARIA A. KATIGBAK, 43, 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 such as: Marcventures Holdings, Inc., Boulevard Holdings, Inc., Premiere Entertainment Philippines, Inc., Mabuhay Holdings Corp., Paxys, Inc., Energy Development Corp., and Solid Group, 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

Since the last annual stockholders' meeting of the Corporation, no Director has resigned or declined to stand for reelection to the Board of Directors of the Corporation because of disagreement with the Corporation on any matter relating to the Corporation's operations, policies or practices.

(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. 2011 and 2010, 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 <i>Chairman</i>	2010 - Jan 01 2011 - Dec 31			
Gener T. Mendoza <i>President</i>	2010 - Jan 01 2011 - Dec 31			
Victor Y. Eleazar <i>Director</i>	2010 - Jan 01 2011 - Dec 31			
Isabelita P. Mercado <i>Director and Treasurer</i>	2010 - Jan 01 2011- Dec 31			
Victoria M. Vazquez <i>Independent Director</i>	2010 - Jan 01 2011 - Dec 31			
William D. Ty <i>Independent Director</i>	2010 - Jan 01 2011- Dec 31			
Antonio Victoriano F. Gregorio III	2011 - July 27 to Dec 31			
TOTAL OF THE GROUP	2010	0		
	2011	0		

Members of the incumbent board did not receive any per diem or other compensation in 2011.

There is no contract covering their employment with the Corporation and they hold office by virtue of their election to office. The Corporation has no agreements with its named executive officers regarding any bonus, profit sharing, pension or retirement plan.

(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, 2011:

Title of Class	Name and Address of Record Owner	Citizenship	No. of Shares Held	Percent of Class
Common	Meridian Securities, Inc. Suite 2702 B&C Tektite Tower I Ortigas Centre, Pasig City*	Filipino	23,507,000	13.88%
Common	Angping & Associates Securities, Inc. Suites 2002/2004, The Peak, 107 Alfaro St., Salcedo Village, Makati City*	Filipino	17,794,900	10.51%
Common	Wealth Securities, Inc. 2103 PSE Centre, Exchange Road Ortigas Center, Pasig City*	Filipino	14,323,700	8.46%
Common	Abacus Securities Corporation Unit 2904-A East Tower, PSE Centre Exchange Road, Ortigas Center Pasig City*	Filipino	10,425,793	6.15%

*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 Corporation, 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 automatic entry of stock and transfer transaction of securities listed in PSE, owns more than 5% of the Company's shares.

(2) 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, 2011:

Title of Class	Name of Beneficial Owners	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Michael T. Defensor <i>Director and Chairman</i>	1,000 Direct	Filipino	0.00053%
Common	Gener T. Mendoza <i>Director and President</i>	1,855,000 Direct	Filipino	0.97632%

Common	Antonio Victoriano F. Gregorio III <i>Director</i>	1,000 Direct	Filipino	0.00053%
Common	Victor Y. Eleazar <i>Director</i>	10,000 Direct	Filipino	0.00526%
Common	Isabelita P. Mercado <i>Director and Treasurer</i>	1,000,000 Direct 500,000 Indirect	Filipino	0.78947%
Common	Victoria M. Vazquez <i>Independent Director</i>	2,000,000 Direct 200,000 Indirect	Filipino	1.15789%
Common	William D. Ty <i>Independent Director</i>	2,000,000 Direct	Filipino	1.05263%
Common	Ana Maria A. Katigbak <i>Corporate Secretary</i>	0	Filipino	0.00000 %
	TOTAL	7,567,000		3.98263%

All the above named directors and officers of the Corporation are the record and beneficial owners of the shares of stock set forth opposite their respective names.

(3) Voting Trust Holders of 5% or more

The Corporation is not aware of any person holding more than 5% of the shares of the Corporation under a voting trust or similar agreement which may result in a change in control of the Corporation.

(4) Changes in Control

From January 1, 2011 to date, there has been no change in control of the Corporation. Neither is the Corporation aware of any arrangement which may result in a change in control of it.

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, as amended.

The Corporation, its directors and officers, have complied with the provisions of the Corporation's Manual of Corporate Governance and there have been no deviations from such manual.

Board of Directors

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

Directors	Executive Officers	Non-executive Officers	Independent Director
Michael T. Defensor		√	
Gener T. Mendoza	√		
Victor Y. Eleazar		√	
Isabelita P. Mercado	√		
Victoria M. Vazquez			√
William D. Ty			√
Antonio Victoriano F. Gregorio III		√	
Ana Maria A. Katigbak	√		

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

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

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

Board Process

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

- a. review and approval of the interim and annual financial performance;
- b. approval of the Company's key strategic and operational matters;
- c. approval of major investments and funding decision;
- d. monitoring of internal control; and
- e. identification and management of the principal risks of the Company.

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

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

Committees

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

Audit Committee

Chairman : William D. Ty (independent director)
Members : Victoria M. Vazquez
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 and Compensation Committee

Chairman : Atty. Victor Y. Eleazar
Members : William D. Ty (independent director)
Atty. Antonio Victoriano F. Gregorio III

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.

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 held on July 27, 2011, Atty. Ana Maria A. Katigbak was re-elected 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, 2011 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 2011.

Date Filed	Description
July 28, 2011	The stockholders elected the directors for the year 2011-2012
January 25, 2011	Certification on the attendance of the directors during board meetings
January 25, 2011	Certification on Corporate Governance

**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, 2011 and 2010; Related Statements of Income, Changes in
Stockholders' Equity and Cash Flows for each of the three years in the period ended December 31,
2011

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.*


MINERALES INDUSTRIAS CORPORATION
SCHEDULE K - CAPITAL STOCK
 December 31, 2011


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

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 on May _____, 2012.

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

MAY 18 2012

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

NAME	CTC NO.	DATE OF ISSUE	PLACE OF ISSUE
Gener T. Mendoza	0700264	01-14-12	Makati City
Isabelita P. Mercado	1153655	01-09-12	Pasig City
Ana Maria A. Katigbak			

Doc No. 314
Page No. 621
Book No. 57
Series of 2012


ATTY. JOEL G. GORDOLA
NOTARY PUBLIC
NOTARIAL COMMISSION NO. 066
COMMISSION EXPIRES DEC. 31, 2012
PTR NO. 6010756, 1/03/2012, Q.C.
IBP NO. 823224 DEC. 2, 2011, Q.C.
ROLL OF ATTORNEY NO. 25103



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,
January 25, 2010, valid until December 31, 2012
SEC Accreditation No. 0012-FR-2 (Group A),
February 4, 2010, valid until February 3, 2013

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

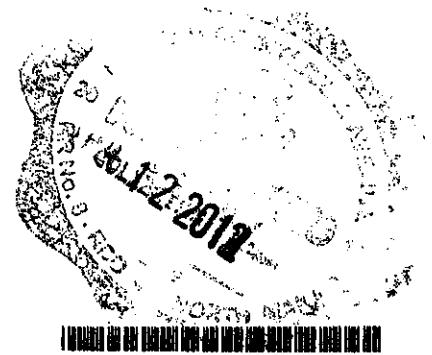
We have audited the financial statements of Minerales Industrias Corporation (the Company) for the year ended December 31, 2011 on which we have rendered the attached report dated March 27, 2012.

In compliance with Securities Regulation Code Rule No. 68, we are stating that the Company has one hundred twenty four (124) 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 (Group A),
February 11, 2010, valid until February 10, 2013
Tax Identification No. 178-486-666
BIR Accreditation No. 08-001998-81-2009,
September 30, 2009, valid until September 29, 2012
PTR No. 3174826, January 2, 2012, Makati City

March 27, 2012



COVER SHEET

AS095-008557

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)

Ana Maria Katigbak

(Contact Person)

897-5257

(Company Telephone Number)

12 31

Month Day (Fiscal Year)

AAFS

(Form Type)

Month Day

(Annual Meeting)

(Secondary License Type, if Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

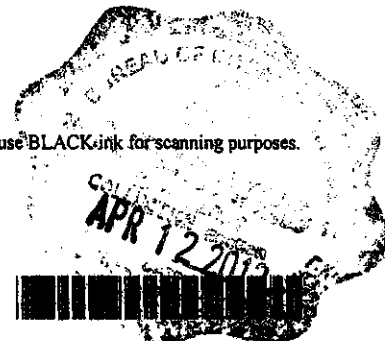
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Document ID

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**


The management of **Minerales Industrias Corporation** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2011 and 2010, including the additional component attached herein, in accordance with the Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders for the period December 31, 2011 and 2010, respectively, have examined the financial statements of the company in accordance the Philippine Standards on Auditing, and in their report to the stockholders, have expressed its opinion on the fairness of presentation upon completion of such examination.

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)

APR 13 2012

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

<u>NAME</u>	<u>CTC NO.</u>	<u>DATE OF ISSUE</u>	<u>PLACE OF ISSUE</u>
Michael T. Defensor	SSS #3430751780	01-14-2012	Makati City
Gener T. Mendoza	07002614	01-19-2012	Pasig City
Isabelita P. Mercado	11153655		

ATTY. JOEL G. GORDOLA
NOTARY PUBLIC
NOTARIAL COMMISSION NO. 066
COMMISSION EXPIRES DEC. 31, 2012
PTR NO. 6010756, 1/03/2012, Q.C.
IBP NO. 823224 DEC. 2, 2011, Q.C.
ROLL OF ATTORNEY NO. 25103

Doc No. 406
Page No. 8
Book No. 9
Series of 2012



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

BOA/PRC Reg. No. 0001.
January 25, 2010, valid until December 31, 2012
SEC Accreditation No. 0012-FR-2 (Group A),
February 4, 2010, valid until February 3, 2013

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

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, 2011 and 2010, 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, 2011 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

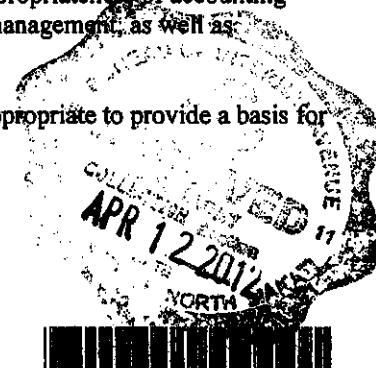
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the presentation of financial statements that are free from material 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, 2011 and 2010, and its financial performance and its cash flows for each of the three years ended December 31, 2011 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 indicates that the Company incurred net losses of ₱3,424,062, ₱1,334,004 and ₱833,096 for the years ended December 31, 2011, 2010 and 2009, 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 19-2011 and 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 required under Revenue Regulations 19-2011 and 15-2010 in Notes 14 and 15 to the financial statements, respectively, 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 (Group A),

February 11, 2010, valid until February 10, 2013

Tax Identification No. 178-486-666

BIR Accreditation No. 08-001998-81-2009,

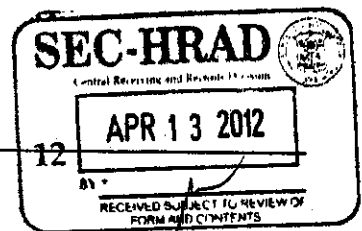
September 30, 2009, valid until September 29, 2012

PTR No. 3174826, January 2, 2012, Makati City

March 27, 2012



MINERALES INDUSTRIAS CORPORATION
STATEMENTS OF FINANCIAL POSITION



	December 31	
	2011	2010
ASSETS		
Current Assets		
Cash on hand and in bank (Notes 4 and 12)	₱3,545,263	₱4,969,760
Receivables (net of allowance for impairment losses of ₱1,066,172 as of December 31, 2011 and 2010)	-	-
Other current assets - net (Note 6)	20,000	1,926,336
Total Current Assets	3,565,263	6,896,096
Noncurrent Asset		
Available-for-sale financial assets (Notes 5 and 12)	-	154,324
	₱3,565,263	₱7,050,420

LIABILITIES AND EQUITY

Current Liabilities		
Accrued expenses and other payables (Notes 7 and 12)	₱119,412	₱117,374
Equity		
Capital stock (Note 8)	190,000,000	190,000,000
Reserve for fluctuation on available-for-sale financial assets (Note 5)	-	63,133
Deficit	(186,554,149)	(183,130,087)
Total Equity	3,445,851	6,933,046
	₱3,565,263	₱7,050,420

See accompanying Notes to Financial Statements.



MINERALES INDUSTRIAS CORPORATION
STATEMENTS OF INCOME

	Years Ended December 31		
	2011	2010	2009
INCOME			
Realized gain on available-for-sale financial assets (Note 5)	P85,762	P112,727	P280,000
Interest (Note 4)	13,031	18,241	318
	98,793	130,968	280,318
EXPENSES			
Provision for impairment (Note 6)	1,990,407	-	-
Professional fees	428,641	542,800	327,143
Salaries and wages	408,488	362,782	288,238
Stock exchange listing fee	255,050	270,000	250,000
Utilities (Note 10)	180,000	120,000	120,000
Entertainment, amusement and recreation	89,855	43,939	48,520
Office supplies and printing costs	72,785	11,150	13,632
Transportation	39,515	32,935	36,493
Seminar fees	15,693	-	-
Postages and deliveries	9,556	-	-
Taxes and licenses	9,541	58,912	8,929
Miscellaneous	20,718	18,806	20,395
	3,520,249	1,461,324	1,113,350
LOSS BEFORE INCOME TAX	3,421,456	1,330,356	833,032
PROVISION FOR INCOME TAX (Note 9)	2,606	3,648	64
NET LOSS	P3,424,062	P1,334,004	P833,096
Basic/Diluted Loss Per Share (Note 11)	P0.0180	P0.0071	P0.0046

See accompanying Notes to Financial Statements.



MINERALES INDUSTRIAS CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2011	2010	2009
NET LOSS	(P3,424,062)	(P1,334,004)	(P833,096)
OTHER COMPREHENSIVE INCOME (LOSS) (Note 5)			
Unrealized fair value changes on available-for-sale financial assets	22,629	138,697	355,743
Realized gains on available-for-sale financial assets transferred to profit or loss	(85,762)	(112,727)	(280,000)
	(63,133)	25,970	75,743
TOTAL COMPREHENSIVE LOSS	(P3,487,195)	(P1,308,034)	(P757,353)

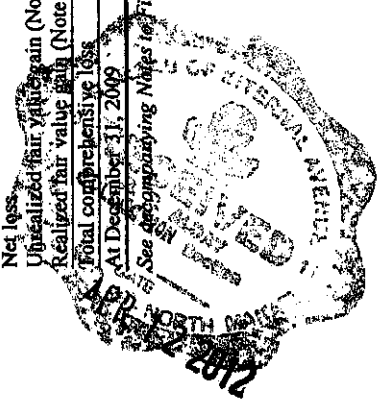
See accompanying Notes to Financial Statements.



MINERALES INDUSTRIAS CORPORATION
STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 8)	Subscribed Capital Stock (Note 8)	Subscription Receivable (Note 8)	Deposits for Future Stock Subscriptions (Note 8)	Reserve for fluctuation on Available-for- Sale Financial Assets (Note 5)	Deficit	Total
At January 1, 2011	₱190,000,000	₱-	₱-	₱-	₱63,133	(₱183,130,087)	₱6,933,046
Net loss	-	-	-	-	-	(3,424,062)	(3,424,062)
Unrealized fair value gain (Note 5)	-	-	-	-	22,629	-	22,629
Realized fair value gain transferred to profit or loss (Note 5)	-	-	-	-	(85,762)	-	(85,762)
Total comprehensive loss	-	-	-	-	(63,133)	(3,424,062)	(3,487,195)
At December 31, 2011	₱190,000,000	₱-	₱-	₱-	₱-	(₱186,554,149)	₱3,445,851
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)
Unrealized fair value gain (Note 5)	-	-	-	-	138,697	-	138,697
Realized fair value gain transferred to profit or loss (Note 5)	-	-	-	-	(112,727)	-	(112,727)
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 8)	-	-	-	(1,100,000)	-	-	(1,100,000)
Subscription of shares	-	10,000,000	(4,955,000)	-	-	-	5,045,000
Net loss	-	-	-	-	-	(833,096)	(833,096)
Unrealized fair value gain (Note 5)	-	-	-	-	355,743	-	355,743
Realized fair value gain (Note 5)	-	-	-	-	(280,000)	-	(280,000)
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

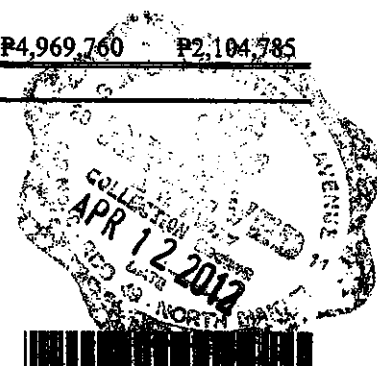
See accompanying Notes to Financial Statements.



MINERALES INDUSTRIAS CORPORATION
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	(P3,421,456)	(P1,330,356)	(P833,032)
Adjustments for:			
Provision for impairment	1,990,407	-	-
Realized gain on available-for-sale financial assets (Note 5)	(85,762)	(112,727)	(280,000)
Interest income (Note 4)	(13,031)	(18,241)	(318)
Operating loss before working capital changes	(1,529,842)	(1,461,324)	(1,113,350)
Changes in assets and liabilities			
Decrease (increase) in other current assets	(84,071)	(77,372)	(69,205)
Increase (decrease) in accrued expenses and other payables	2,038	(273,649)	286,670
Net cash used in operations	(1,611,875)	(1,812,345)	(895,885)
Interest received	13,031	18,241	318
Income taxes paid	(2,606)	(3,648)	(64)
Net cash used in operating activities	(1,601,450)	(1,797,752)	(895,631)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of available-for-sale financial assets	176,953	1,935,389	2,420,865
Acquisition of available-for-sale financial assets	-	(1,542,662)	(2,420,865)
Net cash generated from investing activities	176,953	392,727	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of advances from shareholders	-	(685,000)	(2,090,000)
Proceeds from stock subscriptions	-	4,955,000	5,045,000
Net cash generated from financing activities	-	4,270,000	2,955,000
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANK	(1,424,497)	2,864,975	2,059,369
CASH ON HAND AND IN BANK AT BEGINNING OF YEAR	4,969,760	2,104,785	45,416
CASH ON HAND AND IN BANK AT END OF YEAR (Note 4)	P3,545,263	P4,969,760	P2,104,785

See accompanying Notes to Financial Statements.



MINERALES INDUSTRIAS CORPORATION
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information and Status of Operations

Minerales Industrias Corporation (the Company) was incorporated and organized in the Republic of the Philippines on August 31, 1995 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.

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.

As of December 31, 2011, 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.

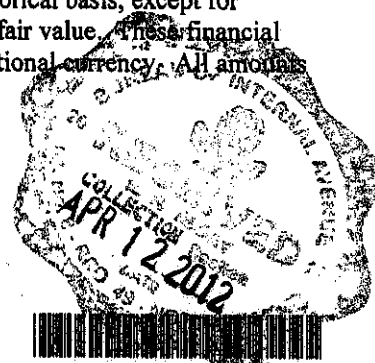
The Company incurred net losses of ₱3,424,062, ₱1,334,004 and ₱833,096 for the years ended December 31, 2011, 2010 and 2009, respectively. The Company's deficit as of December 31, 2011, 2010 and 2009 amounted to ₱186,554,149, ₱183,130,087 and ₱181,796,083, respectively. For the last few years, the Company 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 and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements have been prepared assuming the Company will continue operating 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.

The accompanying financial statements were authorized for issue by the Audit Committee and the Board of Directors on March 27, 2012.

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) financial assets 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).

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended PFRS, Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) interpretations and amendments to existing standards which became effective on January 1, 2011. The adoption of these new and amended Standards and Philippine Interpretations did not have any significant impact on the Company's financial statements.

- Amendment to PAS 24, *Related Party Disclosures*
- Amendment to PAS 32, *Financial Instruments: Presentation - Classification of Rights Issues*
- Amendment to Philippine Interpretation IFRIC 14, *Prepayments of a Minimum Funding Requirement*
- Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*

Improvements to PFRSs

The omnibus amendments to PFRSs issued in May 2010 were issued primarily with a view to removing inconsistencies and clarifying wordings. There are separate transitional provisions for each standard and will become effective January 1, 2011. The adoption of these new standards did not have a significant impact on the Company's financial statements.

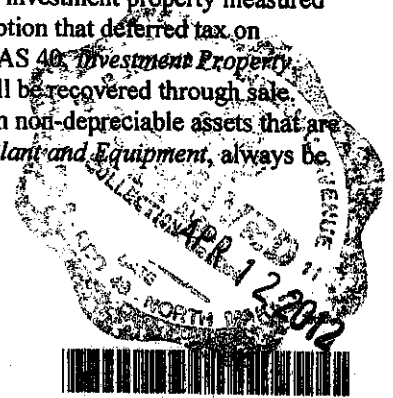
- PFRS 3 (Revised), *Business Combinations*
- PFRS 7, *Financial Instruments: Disclosures*
- PAS 1, *Presentation of Financial Statements*
- PAS 27, *Consolidated and Separate Financial Statements*
- PAS 34, *Interim Financial Reporting*
- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*

Future Changes in Accounting Policies

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

Effective 2012

- PAS 12, *Income Taxes - Recovery of Underlying Assets*
The amendment becomes effective for annual periods beginning on or after January 1, 2012. The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in PAS 40, *Investment Property*, should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16, *Property, Plant and Equipment*, always be measured on a sale basis of the asset.



- **Amendments to PFRS 7, *Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements***
The amendment becomes effective for annual periods beginning on or after July 1, 2011. The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets. The amendment affects disclosures only and has no impact on the Company's financial position or performance.

Effective 2013

- **Amendments to PAS 1, *Financial Statement Presentation, Presentation of Items of Other Comprehensive Income***
The amendments is effective for annual periods beginning on or after July 1, 2012. The amendments to PAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has there no impact on the Company's financial position or performance.
- **Amendment to PAS 19, *Employee Benefits***
This amendment is effective for annual periods beginning on or after January 1, 2013. Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording.
- **PAS 27 (Revised), *Separate Financial Statements***
This amendment becomes effective for annual periods beginning on or after January 1, 2013. As a consequence of the new PFRS 10, *Consolidated Financial Statements* and PFRS 12, *Disclosure of Interests in Other Entities* what remains of PAS 27 is limited to the accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements.
- **PAS 28 (Revised), *Investments in Associates and Joint Ventures***
This amendment becomes effective for annual periods beginning on or after January 1, 2013. As a consequence of the new PFRS 11, *Joint Arrangements* and PFRS 12, PAS 28 has been renamed PAS, 28 *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates.
- **Amendments to PFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities***
The amendments to PFRS 7 are to be retrospectively applied for annual periods beginning on or after January 1, 2013. These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are offset in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are offset in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative



information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

- a) The gross amounts of those recognized financial assets and recognized financial liabilities;
- b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
- c) The net amounts presented in the statement of financial position;
- d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
 - i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
 - ii. Amounts related to financial collateral (including cash collateral); and
- e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendment affects disclosures only and has no impact on the Company's financial position or performance.

- **PFRS 10, *Consolidated Financial Statements***
This standard becomes effective for annual periods beginning on or after January 1, 2013. PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12, *Consolidation - Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements in PAS 27.
- **PFRS 11, *Joint Arrangements***
This standard becomes effective for annual periods beginning on or after January 1, 2013. It replaces PAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly-controlled Entities - Non-monetary Contributions by Venturers*. It also removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.
- **PFRS 12, *Disclosure of Involvement with Other Entities***
This standard becomes effective for annual periods beginning on or after January 1, 2013. It includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.
- **PFRS 13, *Fair Value Measurement***
This standard becomes effective for annual periods beginning on or after January 1, 2013. PFRS 13 establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. The Company is currently assessing the impact that this standard will have on the financial position and performance.



Effective in 2014

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

The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014. These amendments to PAS 32 clarify the meaning of "currently has a legally enforceable right to offset" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The Company is currently assessing impact of the amendments to PAS 32.

Effective in 2015

- *PFRS 9, Financial Instruments: Classification and Measurement*

The standard is effective for annual periods beginning on or after January 1, 2015. PFRS 9 as issued reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project expected on the first half of 2012. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on classification and measurements of financial liabilities.

After consideration of the result of its impact evaluation, the Company has decided not to early adopt either PFRS 9 (2009) or PFRS 9 (2010) for its 2011 annual financial reporting. It shall conduct in early 2012 another impact evaluation using the outstanding balances of the financial statements as of December 31, 2011. The Company will disclose in the March 31, 2012 interim financial statements whether to adopt the PFRS 9 (2009) or PFRS 9 (2010) on its 2012 financial reporting. If the decision of the Company is to adopt PFRS 9 on its 2012 financial reporting, the interim report by March 31, 2012 will reflect the application of the requirements under the said standard and will contain a qualitative and quantitative discussion of the result of the Company's impact evaluation.

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

Cash 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, 2011 and 2010, the Company has no financial assets and liabilities at FVPL and HTM investments. In 2011, the Company disposed all of its AFS financial assets.

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 "Reserve for fluctuation on available-for-sale financial assets" in the statement of financial position.

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 continues 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 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

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 of 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.



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 (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, 2011 and 2010, receivables amounting to ₱1,066,172 have been fully provided with allowance for impairment losses.

Impairment of AFS financial assets

The Company treats AFS equity securities as impaired when there has been a significant or prolonged decline in the fair value below 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.

As of December 31, 2011 and 2010, AFS financial assets amounted to nil and ₱154,324, respectively (see Note 5).

Recognition of deferred tax assets

As of December 31, 2011 and 2010, deferred tax assets have not been recognized in respect of NOLCO and allowance for impairment losses that are available for offset against future taxable income or tax payable, which shall be available for the three succeeding years, because management believes that it is more likely than not that the tax benefits of these will not be realized in the future (see Note 9). As of December 31, 2011 and 2010, unrecognized deferred tax assets amounted to ₱2,092,938 and ₱1,992,411, respectively.



4. Cash on hand and in bank

This account consists of:

	2011	2010
Cash on hand	P4,959	P5,000
Cash in bank	3,540,304	4,964,760
	P3,545,263	P4,969,760

Cash in bank earns interest at the prevailing bank deposit rates. Interest earned on cash in bank amounted to P13,031, P18,241 and P318 in 2011, 2010 and 2009, respectively.

5. AFS Financial Assets

This account represents 350,737 shares in Suntrust Home Development, Inc. (Suntrust) as of December 31, 2010. The entire balance of AFS financial assets was sold in 2011. The cost of these investments as of December 31, 2011 and 2010 amounted to nil and P91,191, respectively.

The movements of AFS financial assets follow:

	2011	2010
Balance at beginning of year	P154,324	P408,354
Additions	-	1,542,662
Disposal	154,324	(1,822,662)
Fair value gains	-	25,970
Balance at end of year	P-	P154,324

In 2011, 2010 and 2009, the Company sold AFS financial assets amounting to P154,324, P1,822,662 and P2,140,865, respectively. The sale resulted to the recognition of realized gain in the Company's statements of income amounting to P85,762, P112,727 and P280,000 in 2011, 2010 and 2009, respectively.

The movements of reserve for fluctuation on AFS financial assets follow:

	2011	2010
Balance at beginning of year	P63,133	P37,163
Fair value changes	22,629	138,697
Realized gains	(85,762)	(112,727)
Balance at end of year	P-	P63,133



6. **Other Current Assets - net**

This account consists of:

	2011	2010
Prepaid taxes	₱1,976,300	₱1,976,300
Creditable withholding tax	1,137,430	1,137,429
Input VAT	852,977	774,419
Prepaid expenses	20,000	14,488
	3,986,707	3,902,636
Less allowance for impairment losses	3,966,707	1,976,300
	₱20,000	₱1,926,336

Movement for allowance for impairment losses follow:

	2011	2010
Balance at beginning of year	₱1,976,300	₱1,976,300
Addition	1,990,407	-
Reversal	-	-
Balance at end of year	₱3,966,707	₱1,976,300

7. **Accrued Expenses and Other Payables**

This account consists of:

	2011	2010
Accrued expenses	₱110,000	₱110,000
Taxes payable	9,412	7,374
	₱119,412	₱117,374

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

8. **Equity**

Capital Stock

The authorized capital stock of the Company follows:

	2011	2010
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:

	2011	2010
At the beginning of year	190,000,000	180,000,000
Issuance	-	10,000,000
At the end of year	190,000,000	190,000,000

Subscribed and outstanding shares of the Company follow:

	2011	2010	2009
Subscribed and paid	P-	P-	₱5,045,000
Subscriptions receivable	-	-	4,955,000
At the end of year	P-	P-	₱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.

9. 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:

	2011	2010
NOLCO	₱3,926,987	₱3,598,899
Allowance for impairment losses	3,042,472	3,042,472
	6,969,459	6,641,371
Tax rate	30%	30%
Deferred tax asset	₱2,090,838	₱1,992,411

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, 2011 consists of:

Year Incurred	Amount	Expiry Date
2009	₱1,067,631	2012
2010	1,418,512	2013
2011	1,440,844	2014
	₱3,926,987	

The movements in NOLCO follow:

	2011	2010
Balance at beginning of year	₱3,598,899	₱3,322,914
Addition	1,440,844	1,418,512
Expiration	(1,112,756)	(1,142,527)
Balance at end of year	₱3,926,987	₱3,598,899

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

	2011	2010	2009
Statutory income tax	(₱429,315)	(₱399,107)	(₱249,910)
Add (deduct) tax effects of:			
Change in unrecognized deferred tax assets	432,253	425,554	320,289
Non taxable realized gain on available-for-sale financial assets	(25,729)	(33,818)	(84,000)
Interest income subjected to lower tax rate	(1,303)	(1,824)	(31)
Nondeductible entertainment, amusement and recreation expense	26,700	12,843	13,716
Effective income tax	₱2,606	₱3,648	₱64

10. Related Party Transaction

The Company entered into an agreement with GNCA Holdings, Inc. (GNCA), an entity controlled by the Company's president, for the sharing of common costs incurred on the leased office space. The agreement provides that the Company shall pay fixed monthly utility charges of ₱15,000 and ₱10,000 in 2011 and 2010, respectively, in lieu of its proportionate share in monthly rentals on the leased premises.

Total utility charges amounted to ₱0.18 million and ₱0.12 million in 2011 and 2010, respectively as presented in the statement of comprehensive income.



11. Basic/Diluted Loss per Share

Basic/diluted loss per share was computed as follows:

	2011	2010	2009
Net loss (a)	₱3,424,062	₱1,334,004	₱833,096
Weighted average number of outstanding common shares (b)	190,000,000	189,166,667	180,000,000
Basic/diluted loss per share (a/b)	₱0.0180	₱0.0071	₱0.0046

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

Fair value information

Due to the short term nature of the Company's financial instruments, their fair values approximate their carrying amounts as of December 31, 2011 and 2010.

Fair Value Hierarchy

The Company considers its AFS equity securities amounting to ₱154,324 as of December 31, 2010 under Level 1 classification (see Note 5). During the reporting periods ended December 31, 2011 and 2010, 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 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 ₱3,545,263 and ₱4,969,760 as of December 31, 2011 and 2010, 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.

As of December 31, 2011 and 2010, the Company's receivable amounting to ₱1,066,172 is fully impaired.

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.

The Company's accrued expenses and other payables are all due within one year.

Price risk

The Company's price risk exposure as of December 31, 2010 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).

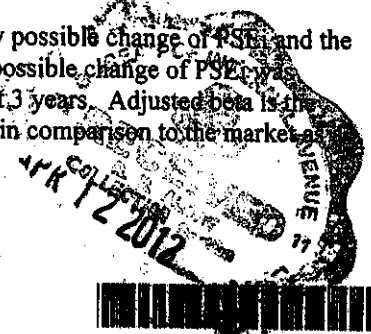
The sensitivity of net asset value is the effect of the assumed changes in the market index on AFS financial assets for the effects of the assumed changes in market index.

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 as of December 31, 2010.

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

In 2011, the Company sold its entire AFS financial assets, thus, no impact assessment on net asset value as at December 31, 2011 was made to determine price risk exposure.

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 PSEi 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. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

As of December 31, 2011, 2010 and 2009, the Company has a deficit of ₱186,554,149, ₱183,130,087 and ₱181,796,083, respectively. The Company's policy to address the current deficit is to borrow capital from its shareholders in the form of advances. Also, in 2010, in order to strengthen capital position and address the deficit incurred due to non-operation, the Company has issued additional shares amounting to ₱10 million.

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

13. Operating Segments

As of December 31, 2011 and 2010, 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.

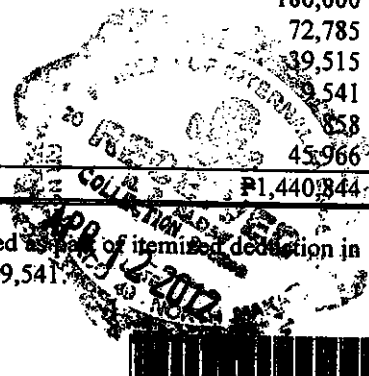
14. Supplementary Information Required Under Revenue Regulations 19-2011

The Company is subject to the regular rate of 30%.

- a. The Company has no sales/receipts/fees in 2011.
- b. The Company has no cost of sales in 2011.
- c. The Company has no non-operating and taxable other income in 2011.
- d. The itemized deductions of the Company in 2011 are as follows:

	Regular rate
Professional fees	₱428,641
Salaries and wages	408,488
Stock exchange listing fee	255,050
Rent and utilities	180,000
Office supplies and printing costs	72,785
Transportation	39,515
Taxes and licenses	9,541
Entertainment, amusement and recreation	858
Miscellaneous	45,966
Total itemized deductions	₱1,440,844

- e. The taxes and licenses paid by the Company and claimed as part of itemized deduction in 2011 pertains to license and permit fees amounting to ₱9,541.



15. 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 2011.

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 2011.
- b. Input VAT for 2011

Balance at January 1, 2011	₱774,419
Current year's domestic purchases/payments for:	
Goods other than for resale or manufacture	10,071
Services lodged under other accounts	68,487
	<u>852,977</u>
Claims for tax credit	—
Balance at December 31, 2011	<u>₱852,977</u>

Information on the Company's Importations for 2011

The Company did not have any importation transaction in 2011.

Documentary Stamp Tax

The Company did not have any transaction subject to documentary stamp tax in 2011.

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	₱6,119
Business clearance	1,100
Notarial fees	200
Others	1,622
	<u>9,041</u>

National

BIR Annual registration	500
	<u>₱9,541</u>

Withholding Taxes

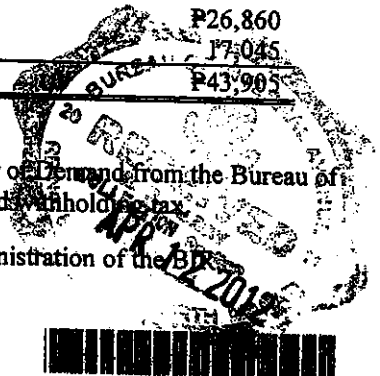
The withholding taxes paid in 2011 follow:

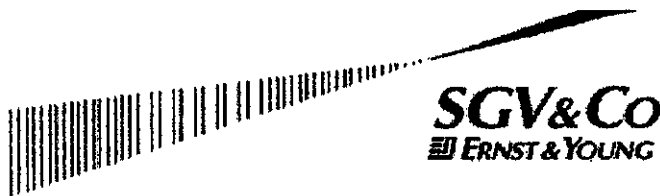
Tax on compensation and benefits	₱26,860
Expanded withholding taxes	₱17,045
	<u>₱43,905</u>

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

BOA/PRC Reg. No. 0001,
January 25, 2010, valid until December 31, 2012
SEC Accreditation No. 0012-FR-2 (Group A),
February 4, 2010, valid until February 3, 2013

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES**

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 in accordance with Philippine Standards on auditing, the financial statements of Minerales Industrias Corporation as at December 31, 2011 and 2010 and for each of the three years in the period ended December 31, 2011, included in this Form 17-A, and have issued our report thereon dated March 27, 2012. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Bernalette R. Santiago
Bernalette R. Santiago

Partner

CPA Certificate No. 0091096

SEC Accreditation No. 0926-A (Group A),

February 11, 2010, valid until February 10, 2013

Tax Identification No. 178-486-666

BIR Accreditation No. 08-001998-81-2009,

September 30, 2009, valid until September 29, 2012

PTR No. 3174826, January 2, 2012, Makati City

March 27, 2012

MINERALES INDUSTRIAS CORPORATION

LIST OF PHILIPPINE FINANCIAL REPORTING STANDARDS EFFECTIVE AS OF DECEMBER 31, 2011

PFRS	ADOPTED / NOT ADOPTED / NOT APPLICABLE
PFRS 1, <i>First-time Adoption of Philippine Financial Reporting Standards</i>	ADOPTED
PFRS 2, <i>Share-based Payment</i>	NOT APPLICABLE
PFRS 3, <i>Business Combinations</i>	NOT APPLICABLE
PFRS 4, <i>Insurance Contracts</i>	NOT APPLICABLE
PFRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations</i>	NOT APPLICABLE
PFRS 6, <i>Exploration for and Evaluation of Mineral Resources</i>	NOT APPLICABLE
PFRS 7, <i>Financial Instruments: Disclosures</i>	ADOPTED
PFRS 8, <i>Operating Segments</i>	ADOPTED
PAS 1, <i>Presentation of Financial Statements</i>	ADOPTED
PAS 2, <i>Inventories</i>	NOT APPLICABLE
PAS 7, <i>Statement of Cash Flows</i>	ADOPTED
PAS 8, <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	ADOPTED
PAS 10, <i>Events after the Reporting Period</i>	ADOPTED
PAS 11, <i>Construction Contracts</i>	NOT APPLICABLE
PAS 12, <i>Income Taxes</i>	ADOPTED
PAS 16, <i>Property, Plant and Equipment</i>	NOT APPLICABLE
PAS 17, <i>Leases</i>	NOT APPLICABLE
PAS 18, <i>Revenue</i>	ADOPTED
PAS 19, <i>Employee Benefits</i>	NOT APPLICABLE
PAS 20, <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	NOT APPLICABLE
PAS 21, <i>The Effects of Changes in Foreign Exchange Rates</i>	NOT APPLICABLE
PAS 23, <i>Borrowing Costs</i>	NOT APPLICABLE
PAS 24, <i>Related Party Disclosures</i>	ADOPTED
PAS 26, <i>Accounting and Reporting by Retirement Benefit Plans</i>	NOT APPLICABLE
PAS 27, <i>Consolidated and Separate Financial Statements</i>	NOT APPLICABLE
PAS 28, <i>Investments in Associates</i>	NOT APPLICABLE
PAS 29, <i>Financial Reporting in Hyperinflationary Economies</i>	NOT APPLICABLE
PAS 31, <i>Interests in Joint Ventures</i>	NOT APPLICABLE
PAS 32, <i>Financial Instruments: Presentation</i>	ADOPTED
PAS 33, <i>Earnings per Share</i>	ADOPTED
PAS 34, <i>Interim Financial Reporting</i>	ADOPTED
PAS 36, <i>Impairment of Assets</i>	ADOPTED
PAS 37, <i>Provisions, Contingent Liabilities and Contingent Assets</i>	ADOPTED
PAS 38, <i>Intangible Assets</i>	NOT APPLICABLE
PAS 39, <i>Financial Instruments: Recognition and Measurement</i>	ADOPTED
PAS 40, <i>Investment Property</i>	NOT APPLICABLE
PAS 41, <i>Agriculture</i>	NOT APPLICABLE
Philippine Interpretation IFRIC-1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	NOT APPLICABLE

PFRS	ADOPTED / NOT ADOPTED / NOT APPLICABLE
Philippine Interpretation IFRIC-2, <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	NOT APPLICABLE
Philippine Interpretation IFRIC-4, <i>Determining whether an Arrangement contains a Lease</i>	NOT APPLICABLE
Philippine Interpretation IFRIC-5, <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	NOT APPLICABLE
Philippine Interpretation IFRIC-6, <i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>	NOT APPLICABLE
Philippine Interpretation IFRIC-7, <i>Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies</i>	NOT APPLICABLE
Philippine Interpretation IFRIC-9, <i>Reassessment of Embedded Derivatives</i>	NOT APPLICABLE
Philippine Interpretation IFRIC-10, <i>Interim Financial Reporting and Impairment</i>	ADOPTED
Philippine Interpretation IFRIC-12, <i>Service Concession Arrangements</i>	NOT APPLICABLE
Philippine Interpretation IFRIC-13, <i>Customer Loyalty Programmes</i>	NOT APPLICABLE
Philippine Interpretation IFRIC-14, <i>PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	NOT APPLICABLE
Philippine Interpretation IFRIC-16, <i>Hedges of a Net Investment in a Foreign Operation</i>	NOT APPLICABLE
Philippine Interpretation IFRIC-17, <i>Distributions of Non-cash Assets to Owners</i>	NOT APPLICABLE
Philippine Interpretation IFRIC-18, <i>Transfers of Assets from Customers</i>	NOT APPLICABLE
Philippine Interpretation IFRIC-19, <i>Extinguishing Financial Liabilities with Equity Instruments</i>	NOT APPLICABLE
Philippine Interpretation SIC-7, <i>Introduction of the Euro</i>	NOT APPLICABLE
Philippine Interpretation SIC-10, <i>Government Assistance - No Specific Relation to Operating Activities</i>	NOT APPLICABLE
Philippine Interpretation SIC-12, <i>Consolidation - Special Purpose Entities</i>	NOT APPLICABLE
Philippine Interpretation SIC-13, <i>Jointly Controlled Entities - Non-Monetary Contributions by Venturers</i>	NOT APPLICABLE
Philippine Interpretation SIC-15, <i>Operating Leases - Incentives</i>	NOT APPLICABLE
Philippine Interpretation SIC-21, <i>Income Taxes - Recovery of Revalued Non-Depreciable Assets</i>	NOT APPLICABLE
Philippine Interpretation SIC-25, <i>Income Taxes - Changes in the Tax Status of an Entity or its Shareholders</i>	NOT APPLICABLE
Philippine Interpretation SIC-27, <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>	NOT APPLICABLE
Philippine Interpretation SIC-29, <i>Service Concession Arrangements: Disclosures</i>	NOT APPLICABLE
Philippine Interpretation SIC-31, <i>Revenue - Barter Transactions Involving Advertising Services</i>	NOT APPLICABLE
Philippine Interpretation SIC-32, <i>Intangible Assets - Web Site Costs</i>	NOT APPLICABLE

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Minerales Industrias Corporation
Room 322, 3rd Floor, LRI Design Plaza
210 Nicanor Garcia Street, Barangay Sta. Cruz
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We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Minerales Industrias Corporation (the Company) as at December 31, 2011 and 2010 and for each of the three years in the period ended December 31, 2011, included in this Form 17-A, and have issued our report thereon dated March 27, 2012. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

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September 30, 2009, Valid until September 29, 2012

PTR No. 2087570, January 3, 2010, Makati City

March 27, 2011

MINERALES INDUSTRIAS CORPORATION
SUPPLEMENTARY SCHEDULE OF DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2011

Deficit, beginning	(P183,130,087)
Add: Net loss during the period	(3,424,062)
Deficit, ending	(P186,554,149)

*Reconciliation of deficit follows:

Deficit balance	(P186,554,149)
Deferred (asset) liability - net	-
Accumulated equity in net earnings of subsidiaries, associates and other adjustments	-
Treasury shares	-
Deficit	(P186,554,149)

MINERALES INDUSTRIAS CORPORATION
ADDITIONAL DISCLOSURE REQUIREMENTS
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

a) Financial Soundness Indicators

Years Ended December 31

		2011	2010
Current Ratio	Current Assets/Current Liabilities	29.86x	58.75x
Quick Ratio	Cash/Current Liabilities	29.69x	42.34x
Debt to Equity Ratio	Liabilities/Stockholders' Equity	0.03x	0.02x
Asset to Equity Ratio	Assets/Stockholders' Equity	1.03x	1.02x
Interest Rate Coverage Ratio	Earnings Before Interest & Taxes/ Interest Rate	N/A	N/A
Return on Common Stockholders' Equity	Net Income/ Average Common Stockholders' Equity	N/A	N/A

	<u>2011</u>	<u>2010</u>
Current Ratio	3,565,263/119,412	6,896,096/117,374
Quick Ratio	3,545,263/119,412	4,969,760/117,374
Debt to Equity	119,412/3,445,851	117,374/6,933,046
Asset to Equity Ratio	3,565,263/3,445,851	7,050,420/6,933,046

MINERALES INDUSTRIAS CORPORATION
ADDITIONAL DISCLOSURE REQUIREMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Annex 68-D

b) Additional disclosures in Annex 68-D (Intangible Assets) shall appear on the face of the balance sheets or related notes and in the statement of comprehensive income ;

N/A

c) Disclosures of receivable/payable with related parties eliminated during consolidation.

N/A