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

August 22, 2013

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:

We submit herewith the Definitive Information Statement that we have filed with the Securities and Exchange Commission.

Thank you.

Very truly yours,

ahatigbak
Ana Maria A. katigbak
Corporate Secretary/
Compliance Officer

COVER SHEET

A	S	0	9	5	-	0	0	8	5	5	7	-

SEC Registration Number

M I N E R A L E S I N D U S T R I A S
C O R P O R A T I O N

(Company's Full Name)

3 2 2 L R I D E S I G N P L A Z A
2 1 0 N . G A R C I A S T M A K A T I C I T Y

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

Atty. Ana A. Katigbak	817 6791 to 95
Contact Person	Company Telephone Number

1 2	3 1	SEC Form 20-IS Definitive Information Statement	Annual Meeting of Stockholders September 19, 2013
Month	Day	FORM TYPE	Month Day
Fiscal Year			Annual Meeting

Secondary License Type, If Applicable

C	F	D

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes

MINERALES INDUSTRIAS CORPORATION
322 LRI Design Plaza 210 N. Garcia St., Makati City

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Dear Stockholders:

Please be notified that the annual meeting of stockholders of **MINERALES INDUSTRIAS CORPORATION** (the "Corporation") will be held on September 19, 2013, Thursday, at 2:30 p.m., at the Dasmariñas Room, Makati Sports Club, L.P. Leviste corner Gallardo Streets, Salcedo Village, Makati City, with the following agenda:

1. Call to Order
2. Report on Attendance and Quorum
3. Approval of Minutes of Annual Stockholders' Meeting held on May 23, 2012
4. Approval of Minutes of Special Stockholders' Meeting held on February 8, 2013
5. Management Report for the year ended December 31, 2012
6. Ratification of all Acts of the Board of Directors and Officers during the preceding year
7. Amendment of Articles of Incorporation
    a. Change in Principal Address
    b. Increase in Authorized Capital Stock
8. Appointment of Independent Auditor
9. Election of Directors including two Independent Directors (as defined under the Corporation's Manual on Corporate Governance)
10. Other Matters
11. Adjournment

Stockholders of record as of August 5, 2013 will be entitled to notice of, and to vote at said annual meeting or any adjournment or postponement thereof.

Duly accomplished proxies should be submitted to the Corporate Secretary of the Corporation not later than September 9, 2013. Validation of proxies shall be held on September 13, 2013, at 10:00 a.m. at the principal office of the Corporation.

On the day of the meeting you, or your duly designated proxy, are hereby required to bring this Notice, and any form of identification (i.e. driver's license, company I.D., TIN card, etc.) to facilitate registration. Registration starts at exactly 1:00 p.m. and closes at 1:45 p.m.

Makati City, Metro Manila,

August 22, 2013.

For the Board of Directors:

Bmondragon

Bienvenida Mondragon
Asst. Corporate Secretary

P R O X Y

MINERALES INDUSTRIAS CORPORATION

PROXY SOLICITED ON BEHALF OF THE MANAGEMENT OF MINERALES INDUSTRIAS CORPORATION FOR THE ANNUAL STOCKHOLDERS' MEETING TO BE HELD ON SEPTEMBER 19, 2013, 2:30 P.M. AT THE DASMARIÑAS ROOM, MAKATI SPORTS CLUB, MAKATI CITY.

Instruction

(a) The proxy must be duly accomplished by the stockholder of record as of Record Date. A proxy executed by a corporation shall be in the form of a board resolution duly certified by the Corporate Secretary or in a proxy form executed by a duly authorized corporate officer accompanied by a Corporate Secretary's Certificate quoting the board resolution authorizing the said corporate officer to execute the said proxy.

(b) Duly accomplished proxies may be mailed or submitted personally to the Corporate Secretary of the Corporation not later than September 13, 2013 at the following address:

The Corporate Secretary
Minerales Industrias Corporation
322 LRI Design Plaza
210 N. Garcia St., Makati City

(c) In case of shares of stock owned jointly by two or more persons, the consent of all co-owners must be necessary for the execution of the proxy. For persons owning shares in an "and/or" capacity, any one of them may execute the proxy.

(d) Validation of proxies will be held by the Stock Transfer Agent on September 13, 2013 at 10:00 a.m. at the principal office of the Corporation at 322 LRI Design Plaza, 210 N. Garcia Street, Makati City.

(e) Unless otherwise indicated by the stockholder, a stockholder shall be deemed to have designated the President of the Corporation, as his proxy for the annual stockholders meeting to be held on September 19, 2013.

(f) If the number of shares of stock is left in blank, the proxy shall be deemed to have been issued for all of the stockholder's shares of stock in the Corporation as of Record Date.

(g) The manner in which this proxy shall be accomplished, as well as the validation hereof shall be governed by the provisions of SRC Rule 20 (11)(b)

(h) The stockholder executing the proxy shall indicate the manner by which he wishes the proxy to vote on any of the matters in (1), (2), (3) , and (4), below by checking the appropriate box. Where the boxes (or any of them) are unchecked, the stockholder executing the proxy is deemed to have authorized the proxy to vote for the matter.

The Undersigned hereby appoints:

a) The President of Minerales Industrias Corporation
b) ____

as his/her/its Proxy to attend the above annual meeting of the stockholders of **Minerales Industrias Corporation**, and any adjournment or postponement thereof, and thereat to vote all shares of stock held by the undersigned as specified below and on any matter that may properly come before said meeting.

Management recommends a vote for:

1. Approval of the minutes of the previous annual meeting of stockholders held on May 23, 2012.

[ ] For [ ] Against [ ] Abstain

2. *Approval of the minutes of the special meeting of stockholders held on February 8, 2013.*

[ ] For [ ] Against [ ] Abstain

3. *Ratification of all the acts and resolutions of the Board of Directors, officers and management of the Corporation from the last fiscal year to date.*

[ ] For [ ] Against [ ] Abstain

4. *Amendment of the Articles of Incorporation to change the principal address of the Corporation to Unit 103, Ground Floor, Prestige Tower Condominium, F. Ortigas, Jr. Avenue, Ortigas Center, Pasig City*

[ ] For [ ] Against [ ] Abstain

5. *Amendment of the Articles of Incorporation to increase the authorized capital stock of the Corporation to up to Php 5,000,000,000*

[ ] For [ ] Against [ ] Abstain

6. *Approval of the Selection of SyCip Gorres Velayo & Co. as Independent Auditors.*

[ ] For [ ] Against [ ] Abstain

7. *Election of Directors*[1]

( ) for all nominees listed below (except as marked to the contrary below).
( ) withhold authority to vote for all nominees listed below.
( ) strike the box opposite the name of each nominee to indicate that authority to vote for such nominee is withheld.

Security holder may strike a line through the nominee's name in the list below to withhold authority to vote for any individual nominee.

Nominees

For Regular Directors:

[ ] GENER T. MENDOZA
[ ] ISABELITA P. MERCADO
[ ] ANTONIO VICTORIANO F. GREGORIO III
[ ] FRANCIS-NEIL P. MERCADO
[ ] JOSEPH QUINTIN Y. LAO

For Independent Directors:

[ ] ALFREDO P. JAVELLANA II
[ ] WILLIAM D. TY

(i) In their discretion, the Proxies are authorized to vote upon such other matters as may properly come before the meeting.

This proxy when properly executed will be voted in the manner directed above by the undersigned stockholder. If no direction is made, this proxy will be voted for items 1, 2, 3, 4, 5, 6 and 7.

Dated _______________

____
(Signature over printed name, including title when signing for a corporation or partnership or as an agent, attorney or fiduciary)

Please mark, sign, date, and return promptly in accompanying envelope.

[1] Cumulative method of voting under Section 24 of the Corporation Code of the Philippines is allowed.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [√] Definitive Information Statement

2. Name of Corporation as specified in its charter:
   MINERALES INDUSTRIAS CORPORATION

3. Province, country or other jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: AS095-008557

5. BIR Tax Identification Code: 049-004-636-077

6. Address of principal office Postal Code: 322 LRI Design Plaza 210 N. Garcia St., Makati City

7. Corporation's telephone number, including area code: **(632)** 897-5257/817-6791

8. Date, time and place of the meeting of security holders:

   Thursday, September 19, 2013
   2:30 P.M., Dasmariñas Room, Makati Sports Club, Makati City

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **August 27, 2013**

10. In case of Proxy Solicitations:

    Name of Person Filing the Statement/Solicitor: The Management of the Corporation

    Address and Telephone No.: 322 LRI Design Plaza 210 N. Garcia St., Makati City

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	690,000,000 shares

12. Are any or all of Corporation's Securities Listed with the Philippine Stock Exchange?
    Yes (√) No ( )

    A total of 190,000,000 shares of the Corporation are currently listed with the Philippine Stock Exchange. A total of 500,000,000 shares are being applied for listing.

    If yes, disclose the name of such Stock Exchange and the class of securities therein:

    Philippine Stock Exchange - Common Stock

PART I
INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting

The enclosed proxy is solicited for and on behalf of the Management of **MINERALES INDUSTRIAS CORPORATION** (hereinafter called the "Corporation") for use in connection with the annual meeting of the stockholders to be held on September 19, 2013 at 2:30 P.M., at the Dasmariñas Room, Makati Sports Club, L.P. Leviste corner Gallardo Streets, Salcedo Village, Makati City.

The information statement and form of proxy will be sent to the stockholders of record as August 5, 2013 (the "Record Date") on or before August 27, 2013.

The matters to be considered and acted upon at such meeting are referred to in the Notice and are more fully discussed in this statement.

The complete mailing address of the Corporation is:

322 LRI Design Plaza 210 N. Garcia St., Makati City, 1200.

Item 2. Dissenter's Right of Appraisal

The Corporation Code limits the exercise of the appraisal right to the following instances:

a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of share, or of authorizing preferences in respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence (Section 81);

b. In case of the sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Section 81);

c. In case of merger or consolidation (Section 81);

d. In case of investments in another corporation, business or purpose (Section 42).

The appraisal right shall be available to any stockholder who voted against the proposed action and any stockholder who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment shall be made to any dissenting stockholder unless the Corporation has unrestricted retained earnings in its books to cover such payment.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director, officer, nominee for director, or associate of any of the foregoing, has any substantial interest, direct or indirect, by security holdings or otherwise, on any matter to be acted upon. No director has informed the Corporation in writing of any intention to oppose any action to be taken during the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders thereof

(a) As of the Record Date which is August 5, 2013, the date to determine the stockholders entitled to notice and to vote at the annual meeting of stockholders on September 19, 2013, the Corporation has the following outstanding shares:

Common shares (voting) - 690,000,000 shares

As of the Record Date, 687,221,798 common shares of the Corporation are registered under Filipinos and 2,778,202 common shares are registered under foreign ownership.

(b) Only holders of common shares as of the Record Date shall be entitled to vote in the election of directors in the manner provided hereunder. On the approval of the minutes of the previous stockholders' meeting, ratification of all acts of the Board of Directors and officers during the previous year, amendments to the articles of incorporation to: (i) change the principal address of the Corporation and (ii) increase the authorized capital stock of the Corporation to up to Php 5,000,000,000 , and appointment of the independent auditor, each share of outstanding common stock is entitled to one vote.

(c) In the election of directors, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of common shares of stock standing in his name at record date. A stockholder entitled to vote may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by a stockholder shall not be exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the whole number of directors to be elected.

(d) Security Ownership of Certain Record and Beneficial Owners

The following table sets forth as of July 31, 2013, the record and/or beneficial owners of more than 5% of the outstanding common shares of the Corporation and the amount of such record and/or beneficial ownership.

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name and Address of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent of Class
Common	IPM Construction and Development Corporation		Filipino	350,000,000*	50.725%

Common	PCD Nominee Corporation	The beneficial owners of such shares are Philippine Depository & Trust Corporation (PDTC) participants who hold the shares on their behalf or on behalf of their clients	Filipino	166,943,774	24.195%
Common	IPM Environmental Services, Inc.		Filipino	100,000,000*	14.493%
Common	IPM Realty and Development Corporation		Filipino	50,000,000*	7.246%

These shares are not yet listed with the Philippine Stock Exchange and is currently subject of an application for listing.

Below is the list of the record owners under PCD account holding more than 5% of the outstanding capital stock of the Corporation:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Citizenship	Number of Shares Held	Percent of Class
Common	Meridian Securities, Inc. Suite 2702 B&C Tektite Tower 1 Ortigas Centre, Pasig City[1]	Filipino	50,914,700	7.379%

As of July 31, 2013, the foreign ownership level of the Corporation is 2,783,502 shares or equivalent to 0.4034%.

(e) Security Ownership of Management

The table sets forth as of July 31, 2013, the record or beneficial stock ownership of each Director of the Corporation and all Officers and Directors as a group.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Alfredo P. Javellana II *Independent Director and Chairman*	1,000 (Direct) 179,000 (Indirect)	Filipino	0.02608%
Common	Gener T. Mendoza *Director and President*	1,855,000 (Direct)	Filipino	0.26884%

[1] The beneficial owners of the shares under the broker's account shall vote their respective shares during the special stockholders' meeting of the Corporation.

Common	Isabelita P. Mercado *Director and Treasurer*	1,000,000 (Direct) 500,000 (Indirect)	Filipino	0.21739%
Common	Antonio Victoriano F. Gregorio III *Director*	1,000 (Direct)	Filipino	0.00014%
Common	William D. Ty *Independent Director*	2,000,000 (Direct)	Filipino	0.28986%
Common	Francis Neil P. Mercado *Director*	2,000 (Direct)	Filipino	0.00029%
Common	Joseph Quintin Y. Lao *Director*	100,000 (Direct) 5,441,300 (Indirect)	Filipino	0.80308%
Common	Ana Maria A. Katigbak *Corporate Secretary*	0	Filipino	0 %
	T O T A L	**11,079,300**		**1.60568%**

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.

(f) 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.

(g) Changes in Control

The Securities and Exchange Commission approved the Corporation's increase in authorized capital stock from Php 240,000,000 to Php 740,000,000 divided into 740,000,000 shares with a par value of Php 1.00 each share on June 11, 2013. The IPM group of companies subscribed to the 500,000,000 new common shares issued by the Corporation. The stock certificates representing 500,000,000 new common shares was issued in favor of the IPM group of companies on June 19, 2013 following payment of the corresponding documentary stamp taxes on the original issuance of such shares. The IPM group of companies now own approximately 72.46% of the resulting outstanding capital stock of the Corporation, thereby acquiring control of the Corporation.

Item 5. Directors and Executive Officers

(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
Alfredo P. Javellana II	Chairman / Independent Director	67	Filipino
Gener T. Mendoza	Director/ President	55	Filipino
Isabelita P. Mercado	Director/Treasurer	63	Filipino
William D. Ty	Independent Director	68	Filipino

Antonio Victoriano F. Gregorio III	Director	40	Filipino
Francis Neil P. Mercado	Director	33	Filipino
Joseph Quintin Y. Lao	Director	30	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	55	Filipino
Isabelita P. Mercado	Treasurer	63	Filipino
Ana Maria A. Katigbak	Corporate Secretary	44	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.

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

ALFREDO P. JAVELLANA II, 67 years old, is an incumbent director of Federal Homes, Inc. Mr. Javellana earned his Bachelor of Science in Commerce Major in Accounting and Bachelor of Laws from the University of San Agustin, Iloilo City. He was an independent director of UBS Securities Philippines, Inc. from December 16, 2009 to February 10, 2010. For the past five years he was a director of Philippine Savings Bank and Toyota Motor Philippines. Previously, he was the Chief Finance Officer of the Metropolitan Bank & Trust Company, Inc. He likewise held several other positions in the same bank prior to his appointment as CFO.

GENER T. MENDOZA, 55 years old, 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 Pacific Activated Carbon Company Inc. (2011 to present). 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.

ISABELITA P. MERCADO, 63 years old, 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.

WILLIAM D. TY, 68 years old, 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, 40 years old**,** Mr. Gregorio 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. He was valedictorian of his high school class in the Ateneo. Atty. Gregorio is 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), Pride Development Bank Corporation, among other companies.

FRANCIS-NEIL P. MERCADO, 33 years old, graduated with a Bachelor of Science degree in Economics and Finance from Southern New Hampshire University, Manchester, New England, USA in 2003. He also completed his Bachelor of Science in Economics from Nottingham University, United Kingdom in 2001 and Foundation Levels from Bellerby's College, Cambridge, United Kingdom. He sits as director and/or officer of various companies' including Metroluxury Mining Corp. (2009 to present), Zinith Mines Inc. (2009-present), IPM Construction and Development Corp. (2007-present), IPM Realty and Development Corp. (2007-present) and IPM Trading and Development Corp. (2007-present).

JOSEPH QUINTIN Y. LAO, 30 years old, is a graduate of B.S. Commerce major in Computer Information Systems and Management from the Asia Pacific College, and B.S. International Hospitality Management with specialization in Culinary Arts from the Enderun Colleges + Alain Ducasse Formation, 1100 Campus Avenue McKinley Hill, Fort Bonifacio, Taguig. From 2004 to present, he has been the General Manager of Golden Kitchen Food Corporation. He is also the proprietor of JYL's Café located at Oriental Garden's Makati, Chino Roces, Makati City. For the past five years, he has also been the Corporate Secretary of Splendor Fortune Corporation and Splendor Realty Corporation (2007-present).

ANA MARIA A. KATIGBAK, 44 years old, 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) Independent Directors.

Messrs. Alfredo P. Javellana II and William D. Ty are currently the Corporation's Independent Directors. Attached hereto as Annex "A" are the Certifications issued by Messrs. Javellana and Ty of their qualification to act as Independent Directors.

Under its By-Laws, the Corporation is required to have at least two (2) Independent Directors or such number of Independent Directors as shall be required under the applicable rules and regulations of the Securities and Exchange Commission.

In compliance with the Revised Code of Corporate Governance (SEC Memorandum Circular No. 6, Series of 2009) and SRC Rule 38, which provides for the guidelines on the nomination and election of independent directors, the Nomination Committee was tasked among others, to accept and to pre-screen nominees for election as independent directors conformably with the criteria prescribed in the said SEC Memo Circular/SRC Rule 38 and the Corporation's Revised Code of Corporate Governance.

The Corporation's Nomination Committee is composed of the following:

Chairman: William D. Ty (independent director)
Members: Antonio Victoriano F. Gregorio III
Joseph Quintin Y. Lao

(e) Other directorships held in reporting companies naming each company.

ANTONIO VICTORIANO F. GREGORIO III	Chairman and Director of Nihao Mineral Resources Int'l. Inc., Asiabest Group International Inc., Lodestar Investments Holdings Corporation, Director of Abacus Consolidated Resources and Holdings, Inc., Dizon Copper-Silver and GNA Reources International Limited.

(f) Family Relationship

Ms. Isabelita P. Mercado is the mother of Mr. Francis Neil P. Mercado. Apart from the foregoing, there are no other family relationships, either by consanguinity or affinity, among the directors and executive officers of the Corporation.

(g) 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.

(h) Involvement in Legal Proceedings

To the best of the Corporation's knowledge, there has been no occurrence during the past 5 years up to the present date of this Information Statement of any of the following events that are material to an evaluation of the ability and integrity of any director, executive officer, or controlling person of the Corporation:

- Any bankruptcy petition filed by or against any business of which the person was a general partner or executive officer, either at the time of the bankruptcy or within 2 years prior to that time;
- Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, traffic violations and other minor offenses;
- Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or

commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

(i) Significant employees

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

(j) Certain Relationships and Related Transactions

Except as disclosed in Note 10 of the audited financial statements for 2012, the Corporation did not engage in any transaction with related parties for the last five (5) years of operations.

Item 6. Compensation of Directors and Executive Officers

The following is a summary of the aggregate compensation paid or accrued during the last two fiscal years (2012 and 2011) and the ensuing fiscal year (2013), to the Corporation's Chief Executive Officer and other most highly compensated executive officers who are individually named, and to all other officers and directors of the Corporation as a group:

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Alfredo P. Javellana II *Chairman*	2012 - July to Dec 31			
Gener T. Mendoza *President*	2011 – Jan 01 2012 – Dec 31			
Isabelita P. Mercado *Director and Treasurer*	2011 – Jan 01 2012 – Dec 31			
William D. Ty *Independent Director*	2011 – Jan 01 2012– Dec 31			
Antonio Victoriano F. Gregorio III *Director*	2011 – July 27 to Dec 31 2012 – Dec 31			
Francis Neil P. Mercado *Director*	2012 – May 23 to Dec 31			
Joseph Quintin Y. Lao *Director*	2012 – May 23 to Dec 31			
TOTAL OF THE GROUP	2011 2012 2013 (estimate)	0 0 0		

In May 23, 2012, the Board of Directors approved the grant of per diem to members of the Board of Directors, for every attendance at regular meetings of the board. The *per diem* are as follows: (i) Chairman of the Board Php20,000.00, (ii) Regular Directors Php10,000.00, and (iii) Independent Directors Php10,000.00.

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.

As of date, none of the Corporation's common shares are subject to outstanding options or warrants to purchase, or securities convertible into common shares of the Corporation.

Item 7. Independent Public Accountant

(a) The auditing firm of SyCip Gorres Velayo & Co. will be recommended to the stockholders for appointment as the Corporation's principal accountant for the ensuing fiscal year. Conformably with SRC Rule 68(3)(b)(iv), the Corporation's independent public accountant shall be rotated, or the handling partner shall be changed, every 5 years. A two-year cooling off period shall be observed in the re-engagement of the same signing partner or individual auditor. Ms. Bernalette R. Santiago, audit partner of SyCip Gorres Velayo & Co., has been on the engagement for less than five years.

(b) Ms. Bernalette R. Santiago, audit partner of SyCip Gorres Velayo & Co. was the same principal accountant of the Corporation for the fiscal year most recently completed (December 31, 2012).

(c) Representatives of SyCip Gorres Velayo & Co are expected to be present at the September 19, 2013 stockholders' meeting. They will have the opportunity to make a statement if they desire to do so and they are expected to be available to respond to appropriate questions.

(d) SyCip Gorres Velayo & Co has no shareholdings in the Corporation nor does it have any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Corporation. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines.

(e) There are no disagreements on any matter of accounting principle or practices, financial statement disclosures, etc., between SyCip Gorres Velayo & Co and the Corporation.

(f) The Corporation's Audit Committee is composed of the following:

Chairman:	Alfredo P. Javellana II (independent director)
Members:	William D. Ty
	Francis Neil P. Mercado

Item 8. Compensation Plan

There are no items to be taken up with respect to compensation plans.

C. <u>ISSUANCE AND EXCHANGE OF SECURITIES</u>

Item 9. Authorization or Issuance of Securities Other than for Exchange

The Board of Directors has approved and recommended for stockholders' approval an increase in the Corporation's authorized capital stock to up to Five Billion Pesos (Php 5,000,000,000). At the annual stockholders' meeting on September 19, 2013, the Board of Directors will also request for stockholders' approval of a delegation of authority to the Board to determine the investor/s to whom shares may be issued from such increase in authorized capital stock.

Item 10. Modification or Exchange of Securities

There are no matters or actions to be taken up with respect to the modification or exchange of the Corporation's securities.

Item 11. Financial and Other Information

The audited financial statements as of December 31, 2012, unaudited interim financial statements as of June 30, 2013, Management's Discussion and Analysis, Market Price of Shares and Dividends, and other data related to the Corporation's financial information are attached hereto as "Annex B."

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There is no action to be taken with respect to any merger, consolidation or acquisition.

Item 13. Acquisition or Disposition of Property

There is no action to be taken with respect to any acquisition or disposition of property.

Item 14. Restatement of Accounts

There is no action to be taken with respect to the restatement of any asset, capital, or surplus account of the Corporation.

D. OTHER MATTERS

Item 15. Action with respect to Reports

Summary of Items to be Submitted for Stockholders' Approval

(1) Approval of the Minutes of the Annual Stockholders' Meeting held on May 23, 2012 and Special Stockholders' Meeting held on February 8, 2013

The minutes of the annual stockholders' meeting held on May 23, 2012 and special stockholders' meeting held on February 8, 2013 will be submitted for approval of the stockholders at the annual meeting to be held on September 19, 2013.

Below is a summary of the items and/or resolutions approved at the annual stockholders' meeting held on May 23, 2012:

(a) The Chairman of the Board of Directors of the Corporation called the meeting to order. The Secretary of the meeting certified that a quorum existed for the transaction of business.

(b) The stockholders approved the minutes of the annual stockholders' meeting held on July 27, 2011.

(c) The Chairman delivered his message.

(d) The President of the Corporation presented the management report.

(e) Upon motion duly made and seconded, the stockholders ratified the acts of the officers and the Board of Directors of the Corporation performed or undertaken in the year 2011 to 2012.

(f) Upon motion duly made and seconded, the accounting firm Sycip Gorres Velayo & Co. was appointed as external auditors of the Corporation for the then current fiscal year.

(g) The following were elected as directors of the Corporation for the year 2012-2013, to serve as such for a period of one year and until their successors shall have been elected and qualified:

Regular Directors:

GENER T. MENDOZA
ISABELITA P. MERCADO
ANTONIO VICTORIANO F. GREGORIO III
FRANCIS-NEIL P. MERCADO
JOSEPH QUINTIN Y. LAO

Independent Directors:
VICTORIA M. VAZQUEZ
WILLIAM D. TY

(h) Upon motion duly made and seconded, the annual stockholders' meeting was adjourned.

Below is a summary of the items and/or resolutions approved at the annual stockholders' meeting held on February 8, 2013:

(a) The Chairman of the Board of Directors of the Corporation called the meeting to order. The Secretary of the meeting certified that a quorum existed for the transaction of business.

(b) The Chairman delivered his message.

(c) Upon motion duly made and seconded, stockholders representing at least 2/3 of the outstanding capital stock of the Corporation approved the amendment of the articles of incorporation of the Corporation to revert to being a holding company;

(d) Upon motion duly made and seconded, stockholders representing at least 2/3 of the outstanding capital stock of the Corporation approved the subscription by the following within the IPM group of companies or any of their designees/nominees to a total of 500,000,000 shares out of the Php500,000,000 increase in the authorized capital stock of the Corporation previously approved by the shareholders, at a total subscription price of Php 500,000,000, payable in cash as follows:

Subscriber	*No. of Shares*	*Amount of Subscription/ Payment (in Php)*
IPM Construction and Development Corporation	350,000,000	350,000,000.00
IPM Environmental Services, Inc.	100,000,000	100,000,000.00
IPM Realty and Development Corp.	50,000,000	50,000,000.00
TOTAL	**500,000,000**	**500,000,000.00**

(e) Upon motion duly made and seconded, stockholders representing at least 2/3 of the outstanding capital stock of the Corporation approved the investment of approximately Php 470,000,000 from the proceeds of the above subscription into Basic Environmental Systems and Technologies, Inc. ("BEST") resulting in the acquisition by the Corporation of 75% ownership in BEST.

(g) Upon motion made and duly seconded, the minority stockholders of the Corporation present at the meeting waived the public offering requirement under the PSE Listing Rules.

(h) Upon motion duly made and seconded, the special stockholders' meeting was adjourned.

(2) Ratification of the Acts of the Board of Directors and Officers

Resolutions, contracts, and acts of the board of directors and management for ratification refer to those passed or undertaken by them during the year and for the day to day operations of the Corporation as contained or reflected in the minute books, annual report and financial statements. These acts are covered by resolutions of the Board of Directors duly adopted in the normal course of trade or business involving engagement of consultants, approval of financial statements, designation of authorized bank signatories, and election of the officers and members of the various Board committees.

(3) Amendments to the Corporation's Articles of Incorporation

The Board of Directors of the Corporation, at a special meeting held on July 18, 2013 approved, and recommended for stockholders' approval the amendment of the Articles of Incorporation of the Corporation in order to: (i) change the principal address of the Corporation from 322 LRI Design Plaza, 210 N. Garcia St., Makati City to Unit 103, Ground Floor, Prestige Tower Condominium, F. Ortigas, Jr. Avenue, Ortigas Center, Pasig City; and (ii) increase the Corporation's authorized capital stock of the Corporation to up to Five Billion Pesos (Php 5,000,000,000).

(4) Appointment of Independent Auditors

The auditing firm of Sycip Gorres Velayo & Co. will be recommended to the stockholders for appointment as the Corporation's principal accountant for the ensuing fiscal year.

Item 16. Matters Not Required to be Submitted

No action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. Amendment of Charter, By-laws or Other Documents

The Board of Directors of the Corporation, at a special meeting held on July 18, 2013 approved, and recommended for stockholders' approval the amendment of the Articles of Incorporation of the Corporation in order to: (i) change the principal address of the Corporation from 322 LRI Design Plaza, 210 N. Garcia St., Makati City to Unit 103, Ground Floor, Prestige Tower Condominium, F. Ortigas, Jr. Avenue, Ortigas Center, Pasig City; and (ii) increase the Corporation's authorized capital stock of the Corporation to up to Five Billion Pesos (Php 5,000,000,000).

Item 18. Summary of Voting Matters/Voting Procedures

(a) Summary of Matters to be presented to the Stockholders

(1) Approval/ratification of the minutes of the annual meeting of stockholders held on May 23, 2012. Approval of said minutes shall constitute confirmation of all the matters stated in the minutes.

(2) Approval/ratification of the minutes of the special meeting of stockholders held on February 8, 2013. Approval of said minutes shall constitute confirmation of all the matters stated in the minutes.

(3) Resolutions, contracts, and acts of the board of directors and management for ratification refer to those passed or undertaken by them during the year and for the day to day operations of the Corporation as contained or reflected in the minute books, annual report and financial statements. These acts are covered by resolutions of the Board of Directors duly adopted in the normal course of trade or business involving treasury matters, engagement of consultants, approval of financial statements, designation of authorized bank signatories, and election of the officers and members of the various Board committees.

(4) Selection of SyCip Gorres Velayo & Co. as independent auditors.

(5) Election of Directors

Election of a Board of seven (7) directors, each of whom will hold office until the next annual meeting of stockholders and until his or her successor is elected and qualified. The nominees for directors are:

For Regular Directors:

GENER T. MENDOZA
ISABELITA P. MERCADO
ANTONIO VICTORIANO F. GREGORIO III
FRANCIS-NEIL P. MERCADO
JOSEPH QUINTIN Y. LAO

For Independent Directors:

ALFREDO P. JAVELLANA II
WILLIAM D. TY

All of the above nominees are currently directors of the Corporation.

The nominees for Independent Directors[2] of the Corporation for the Annual Stockholders' Meeting of September 19, 2013 within the purview of SRC Rule 38 are Mr. Alfredo P. Javellana II and Mr. William D. Ty.

(b) Voting Procedures

(1) Approval/ratification of the minutes of the annual stockholders' meeting held on May 23, 2012.

(A) Vote required: A majority of the outstanding common stock present in person or by proxy, provided constituting a quorum.

(B) Method by which votes shall be counted: Each outstanding common stock shall be entitled to one (1) vote. The votes shall be counted by a show of hands or, upon motion duly made and seconded, by secret ballot.

(2) Approval/ratification of the minutes of the special stockholders' meeting held on February 8, 2013.

(A) Vote required: A majority of the outstanding common stock present in person or by proxy, provided constituting a quorum.

(B) Method by which votes shall be counted: Each outstanding common stock shall be entitled to one (1) vote. The votes shall be counted by a show of hands or, upon motion duly made and seconded, by secret ballot.

(3) Ratification of the acts of the Board of Directors and Officers

(A) Vote required: A majority of the outstanding common stock present in person or by proxy, provided constituting a quorum.

(B) Method by which votes shall be counted: Each outstanding common stock shall be entitled to one (1) vote. The votes shall be counted by a show of hands or, upon motion duly made and seconded, by secret ballot.

(4) Appointment of Independent External Auditors

(A) Vote required: A majority of the outstanding common stock present in person or by proxy, provided constituting a quorum.

(B) Method by which votes shall be counted: Each outstanding common stock shall be entitled to one (1) vote. The votes shall be counted by a show of hands or, upon motion duly made and seconded, by secret ballot.

[2] An "Independent Director" shall mean a person other than an officer or employee of the Corporation or its subsidiaries, or any other individual having a relationship with the Corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

(5) Election of Directors

(A) Vote required: The seven (7) candidates receiving the highest number of votes shall be declared elected, provided that at least two of whom must be independent directors.

(B) Method by which votes will be counted: Cumulative voting applies**.** Under this method of voting, a stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing in his own name on the stock books of the Corporation as of the Record Date, and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit.

The seven nominees obtaining the highest number of votes will be proclaimed as Directors of the Corporation for the ensuing year, two of whom shall be independent directors.

SyCip Gorres Velayo & Co. was appointed as Board of Canvassers for the annual meeting. The Board of Canvassers shall have the power to count and tabulate all votes, assents and consents, determine and announce the result, and to do such acts as may be proper to conduct the election or vote with fairness to all stockholders.

PART II
INFORMATION REQUIRED IN A PROXY FORM

Item 1. Identification

This proxy is being solicited for and on behalf of the Management of the Corporation. The President of the Corporation will vote the proxies at the annual stockholders' meeting to be held on September 19, 2013.

Item 2. Instruction

(a) The proxy must be duly accomplished by the stockholder of record as of Record Date. A proxy executed by a corporation shall be in the form of a board resolution duly certified by the Corporate Secretary or in a proxy form executed by a duly authorized corporate officer accompanied by a Corporate Secretary's Certificate quoting the board resolution authorizing the said corporate officer to execute the said proxy.

(b) Duly accomplished proxies shall be submitted to the Corporate Secretary of the Corporation not later than September 9, 2013 (not less than 10 calendar days prior to the date of the stockholders' meeting) at the following address:

The Corporate Secretary
Minerales Industrias Corporation
322 LRI Design Plaza 210 N. Garcia St., Makati City

(c) In case of shares of stock owned jointly by two or more persons, the consent of all co-owners must be necessary for the execution of the proxy. For persons owning shares in an “and/or” capacity, any one of them may execute the proxy.

(d) Validation of proxies will be held by the Corporate Secretary and/or Stock Transfer Agent on September 13, 2013 at 10:00 a.m. at the principal office of the Corporation at 322 LRI Design Plaza 210 N. Garcia St., Makati City, Philippines.

(e) Unless otherwise indicated by the stockholder, a stockholder shall be deemed to have designated the President of the Corporation, as his proxy for the annual stockholders meeting to be held on September 19, 2013.

(f) If the number of shares of stock is left in blank, the proxy shall be deemed to have been issued for all of the stockholder’s shares of stock in the Corporation as of Record Date.

(g) The manner in which this proxy shall be accomplished, as well as the validation hereof shall be governed by the provisions of SRC Rule 20 (11)(b).

(h) The stockholder executing the proxy shall indicate the manner by which he wishes the proxy to vote on any of the matters in (1) to (7) below by checking the appropriate box. Where the boxes (or any of them) are unchecked, the stockholder executing the proxy is deemed to have authorized the proxy to vote for the matter. **(Note: If you intend to submit a proxy, please fill up and submit the enclosed proxy instrument, not the following Item 2(h).)**

(1) Approval of the minutes of the previous annual meeting of stockholders held on May 23, 2012.

☐ FOR ☐ AGAINST ☐ ABSTAIN

(2) Approval of the minutes of the special meeting of stockholders held on February 8, 2013.

☐ FOR ☐ AGAINST ☐ ABSTAIN

(3) Ratification of all the acts and resolutions of the Board of Directors, officers and management of the Corporation from the last fiscal year to date.

☐ FOR ☐ AGAINST ☐ ABSTAIN

(4) Amendment of the Articles of Incorporation (change of principal address)

☐ FOR ☐ AGAINST ☐ ABSTAIN

(5) Amendment of the Articles of Incorporation (increase in authorized capital stock)

☐ FOR ☐ AGAINST ☐ ABSTAIN

(6) Approval of the Selection of SyCip Gorres Velayo & Co. as Independent Auditors.

□ FOR □ AGAINST □ ABSTAIN

(7) Election of Directors

( ) for all nominees listed below (except as marked to the contrary below).
( ) withhold authority to vote for all nominees listed below.
( ) strike the box opposite the name of each nominee to indicate that authority to vote for such nominee is withheld.

Security holder may strike a line through the nominee's name in the list below to withhold authority to vote for any individual nominee.

<u>Nominees</u>

For Regular Directors:
[ ] GENER T. MENDOZA
[ ] ISABELITA P. MERCADO
[ ] ANTONIO VICTORIANO F. GREGORIO III
[ ] FRANCIS-NEIL P. MERCADO
[ ] JOSEPH QUINTIN Y. LAO

For Independent Directors:
[ ] ALFREDO P. JAVELLANA II
[ ] WILLIAM D. TY

Item 3. Revocability of Proxy

Any stockholder who executes the proxy enclosed with this statement may revoke it at any time before it is exercised. The proxy may be revoked by the stockholder executing the same at any time by submitting to the Corporate Secretary a written notice of revocation not later than the start of the meeting, or by attending the meeting in person and signifying his intention to personally vote his shares. Shares represented by an unrevoked proxy will be voted as authorized by the stockholder.

Item 4. Persons Making the Solicitation

The solicitation is made by the Management of the Corporation. No director of the Corporation has informed the Corporation in writing that he intends to oppose an action intended to be taken up by the Management of the Corporation at the annual meeting. Solicitation of proxies shall be made through the use of mail or personal delivery by its regular employees. The Corporation shall not engage the services of special employees or proxy solicitors in the proxy solicitation. The Corporation will shoulder the cost of solicitation, which is estimated to be ₱10,000.00.

Item 5. Interest of Certain Persons in Matters to be Acted Upon

No director, officer, or associate of any of the foregoing, has any substantial interest, direct or indirect, by security holdings or otherwise, on any matter to be acted upon at the annual stockholders' meeting to be held on September 19, 2013 except as otherwise disclosed in this report.

PART III
SIGNATURE

Management does not intend to bring any matter before the meeting other than those set forth in the Notice of the annual meeting of stockholders and does not know of any matters to be brought before the meeting by others. If any other matter does come before the meeting, it is the intention of the persons named in the accompanying proxy to vote the proxy in accordance with their judgment.

ACCOMPANYING THIS INFORMATION STATEMENT ARE COPIES OF THE (1) NOTICE OF THE ANNUAL STOCKHOLDERS' MEETING CONTAINING THE AGENDA THEREOF; (2) PROXY INSTRUMENT; AND (C) THE CORPORATION'S MANAGEMENT REPORT PURSUANT TO SRC RULE 20 (4).

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE CORPORATION WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE CORPORATION'S LATEST ANNUAL REPORT IN SEC FORM 17-A AND LATEST QUARTERLY REPORT IN SEC FORM 17-Q DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.

ALL REQUESTS MAY BE SENT TO THE FOLLOWING:

Minerales Industrias Corporation
322 LRI Design Plaza 210 N. Garcia St., Makati City

Attention: **The Asst. Corporate Secretary**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati, August 22, 2013.

MINERALES INDUSTRIAS CORPORATION

By:

Bienvenida Mondragon
Asst. Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ALFREDO P. JAVELLANA II**, Filipino, of legal age, and a resident of # 230 Anahaw St., Ayala Alabang Village, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

(1) I am an independent director of Minerales Industrias Corporation (the "Corporation").

(2) I am affiliated with the following companies or organizations:

Company/ Organization	*Position / Relationship*	*Period of Service*
UBS Securities Phils. Inc.	Independent Director	2010 - present
Federal Homes, Inc.	Director	1994 - ~~present~~ 2009
Philippine Savings Bank	Director	2006 - 2009
Toyota Motor Philippines	Corporate Secretary	2006 - 2008
Metrobank	Executive Vice-President	2004 - 2005
Philippine AXA Life Ins.	Director	2002 - 2005

(3) I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities and Regulation Code and its Implementing Rules and Regulations.

(4) I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and other applicable laws and issuances.

(5) I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

SIGNED this JUL 17 2012, 2012 at CITY OF MAKATI City.

Affiant

SUBSCRIBED and SWORN to before me this JUL 17 2012 at CITY OF MAKATI, affiant personally appeared before me and exhibited to me his passport no. XX43843060 with expiry date on August 16, 2014 issued by the Department of Foreign Affairs in Manila.

Doc. No. 144;
Page No. 30;
Book No. XXXIII
Series of 2012.

ATTY. GERVACIO B. ORTIZ JR.
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2012
ROLL OF ATTORNEY NO. 40091
MCLE COMPLIANCE NO. III-0014282
IBP NO. 656155- LIFETIME MEMBER
PTR NO. 3173160 JAN. 2, 2012 MAKATI CITY

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **WILLIAM D. TY**, Filipino, of legal age, and a resident of 1903 SB Skyland Plaza Condominium, Buendia, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

(1) I am an independent director of Minerales Industrias Corporation (the "Corporation").

(2) I am affiliated with the following companies or organizations:

Company/ Organization	*Position / Relationship*	*Period of Service*
WAM Realty & Dev. Corp.	Chairman & President	1986 to present
WAM Food & Dev. Corp.	Chairman & President	1978 to present
Wellington Investment Manufacturing Corp.	Board Member	2000 to present
Toyota Cubao Inc.	Chairman & President	1999 to present
Organizational Change Consultants International Inc.	Director	1995 to present
Alicia Tan Ty Foundation	Director	1994 to present

(3) I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided for in Section 38 of the Securities and Regulation Code and its Implementing Rules and Regulations.

(4) I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and other applicable laws and issuances.

(5) I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

SIGNED this APR 1 8 2012, 2012 at MAKATI City.

WILLIAM D. TY
Affiant

SUBSCRIBED and SWORN to before me this APR 1 8 2012 at MAKATI CITY, affiant personally appeared before me and exhibited to me his community tax certificate no. 14321953 issued on January 13, 2012 at Manila.

Doc. No. 407;
Page No. 95;
Book No. 206;
Series of 2012.

ATTY. LOPE M. VELASCO
NOTARY PUBLIC
Until December 31, 2013
Appt. No. M-136, Makati City
IBP # 86[illegible] Pasig City-12/2/11
PTR # 00[illegible] MAKATI-01/02/12
TIN [illegible]-989
S.C. Roll No. 26757
G/F JAKA Center 2111 Chino Roces Ave.
Makati City

MINERALES INDUSTRIAS CORPORATION

MANAGEMENT REPORT
Pursuant to SRC Rule 20 (4)

I. INCORPORATED HEREIN ARE THE AUDITED FINANCIAL STATEMENTS OF MINERALES INDUSTRIAS CORPORATION FOR THE YEAR ENDED DECEMBER 31, 2012 WITH THE CORRESPONDING STATEMENT OF MANAGEMENT RESPONSIBILITY AND THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED JUNE 30, 2013.

II. 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.

III. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

PLAN OF OPERATIONS

As a holding firm, the Company's initial investment is a controlling stake in BEST, a major waste management contracting and consulting firm.

In the next several years, the Company intends to focus on growing BEST through the expansion of its municipal solid waste contracting business and establishment of additional facilities for the processing and conversion of solid waste into alternative fuel for the cement and power generation industries.

Without detracting from this initial business focus, the Company shall also look at opportunities for investing in other industries which can draw on and take advantage of the core capabilities of BEST and its affiliates in the IPM group.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Audited Financial Statements as of December 31, 2012

2012

Income

No significant income was recognized for the year, as compared to the Php0.086 million income posted in 2011, derived mainly from gain on sale of marketable securities.

Expense

Operating expenses for the year amounted to Php1.84 million (excluding provision for impairment of Php.09 million). This is an increase of 20% over the Php1.53 million (excluding provision for impairment of Php1.99 million) reported in 2011. The mainly came from the increase in professional fees of Php0.09 million and payment of directors' per diem of Php0.16 million.

Net Income/ (Loss)

The twelve-month operation of the Company ended with a net loss of Php1.86 million compared to the net loss of Php3.42 million in 2011. The difference is largely due to the provision for impairment of input VAT and creditable withholding tax amounting to Php0.85 million and Php1.14 million made in 2011.

Financial Condition

Statements of financial position data	December 31, 2012	December 31, 2011	% Inc/ (Dec)
Total Current Assets	1,713,736	3,565,263	(52.0%)
Total Assets	1,713,736	3,565,263	(52.0%)
Total Current Liabilities	125,124	119,412	4.78%
Total Stockholders' Equity	1,588,612	3,445,851	(53.90%)

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

- Total assets decreased by 52% from Php3.57 million in 2011 to Php1.71 million in 2012 largely due to the use of the Company's cash balance for operating requirements.

- Cash and cash equivalents thus went down by 52% from Php3.57 million in 2011 to Php1.71 million in 2012.

- Current ratio decreased from 29.86x in 2011 to 13.70x in 2012; net working capital totaled Php1.59 million in 2012 as compared to Php3.45 million in 2011.

- Total stockholders' equity went down by 53.90% from Php3.45 million in 2011 to Php1.59 million in 2011, due to the net loss incurred for 2012.

Liquidity and Capital Resource

For the year ended December 31, 2012, net cash used in operations amounted to Php1.85 million as compared to Php1.6 million in 2011. The 2012 total includes the net loss of Php1.84 million and interest income of Php0.09 million. For 2012, provision for impairment of Php0.9 million was recognized on the input VAT balance. Prepaid and other current assets increased by Php0.09 million while accrued expenses and other payables remained flat.

2011

Income

Income for the year amounted to Php0.086 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.

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 Php01.33 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.

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 Php6.78 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 Php0.11 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 Php6.78 million in 2010 as compared to Php2.88 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.

Key Performance Indicators

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

KPI	Calculation	December 31, 2012	December 31, 2011	December 31, 2010
Current Ratio (1)	Current Assets/Current Liabilities	13.70x	29.86x	58.75x
Quick Ratio (2)	Cash /Current Liabilities	13.54x	29.69x	42.34x
Debt to Equity Ratio (3)	Liabilities/ Stockholders' Equity	0.08x	0.03x	0.02x
Book Value per share (4)	Total Assets –Total Liabilities/ Outstanding Shares	0.008	0.018	0.04
Loss per Share (5)	Net Loss/Weighted Average Number of Shares Outstanding	(0.010)	(0.018)	(.007)

		December 31, 2012	December 31, 2011	December 31, 2010
(1)	Current Ratio	1,713,736/125,124	3,565,263/119,412	6,896,096/117,374
(2)	Quick Ratio	1,693,736/125,124	3,545,263/119,412	4,969,760/117,374
(3)	Debt to Equity	125,124/1,588,612	119,412/3,445,851	117,374/6,933,046
(4)	Book Value/Share	1,588,612/190,000,000	3,445,851/190,000,000	6,933,046/190,000,000
(5)	Loss per Share	1,857,239/190,000,000	3,424,062/190,000,000	1,334,004/190,000,000

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

Income

Total consolidated revenues for the six-month period ending June 30, 2013 amounted to Php104.84 million, broken down as follows: income from tipping fee of Php 2.13million (2.03% of total revenues) earned from the operation of the Morong Sanitary Landfill; income from composting/waste processing services of Php2.0 million (1.91% of total revenues); consultancy/field services income of Php85.69 million (81.74% of the total revenues) from the management and maintenance of the Quezon City Sanitary Landfill; and hauling income of Php15.02 million (14.33% of total revenues). In contrast, no significant income was recognized for the same period of 2012.*

Cost of Services

Cost of services for the first half of 2013 amounted to Php51.10 million composed of cost of labor, materials, utilities, equipment rentals, licenses and permit and other expenses incurred in the delivery of services. No cost of services was incurred in the same period of 2012.

Operating expenses

Operating expenses for the first half of 2013 amounted to Php15.64 million consisting of administrative expenses incurred in its operation. This is 1583% higher than the Php0.93 million reported in the same period of 2012 due to the consolidation of the results of operations of Basic Environmental Systems and Technologies, Inc. (BEST) from March 2013.

Net Income

The first half of 2013 resulted into a net income after tax of Php25.39 million, including the Php7.46 million net income after tax attributable to non-controlling interests, as compared to the net loss of Php0.89 million reported for same period in 2012, the difference again owing to the consolidation of BEST's operating results into the financial statements of the Company from March 2013.

Liquidity and Capital Resources

For the six-month period ending June 30, 2013, net cash used in operations totaled Php51.97 million including the net income before tax of Php38.18 million and the depreciation and amortization of Php14.15 million. Prepaid and other current assets went up by Php0.19 million, while accrued expenses and other payables decreased by a Php0.12 million. Acquisition through business combination of a subsidiary, net of said subsidiary's cash balance, amounted to Php1.15 million.

For the same period in 2012, net cash used in operations totaled Php1.24 million including the net loss of Php0.88 million. Prepaid/other current assets went up by Php0.19 million due to increases in input tax and monthly set-up of the annual listing fee. Accrued expenses and other payables decreased by Php0.11 million due to settlement of outstanding liabilities.

* *For purposes of consolidation, only income and expenses of Basic Environmental Systems and Technologies, Inc (BEST) from March 2013 is consolidated into the Company's first half of 2013 results since the Company acquired the 75% interest in BEST on March 4, 2013.*

Second Quarter Ended June 30, 2013 Compared to Second Quarter Ended June 30, 2012

Income

Total consolidated revenues for the quarter ended June 30, 2013 amounted to Php79.37 million, broken down as follows: income from tipping fee of Php 1.64 million (2.07% of total revenues) earned from the operation of the Morong Sanitary Landfill; income from composting/waste processing services of Php1.5 million (1.89% of total revenues); consultancy/field services income of Php64.44 million (81.18% of the total revenues) from the management and maintenance of the Quezon City Sanitary Landfill; and hauling income of Php11.79 million (14.86% of total revenues). In contrast, no significant income was recognized for the same period of 2012.

Cost of Services

Cost of services for the second quarter of 2013 amounted to Php39.60 million composed of cost of labor, materials, utilities, equipment rentals, licenses and permit and other expenses incurred in the delivery of services. No cost of services was incurred in the same period of 2012.

Operating expenses

Operating expenses for the quarter ended June 30, 2013 amounted to Php13.20 million consisting of administrative expenses incurred in its operation. This is 2100% higher than the Php0.60 million reported in the same period of 2012 due to the consolidation of the results of operations of BEST.

Net Income

The second quarter of 2013 resulted into a net income after tax of Php17.42 million, including the Php5.37 million net income after tax attributable to non-controlling interests, as compared to the net loss of Php0.58 million reported for same period last year, the difference again owing to the consolidation of BEST's operating results into the financial statements of the Company.

Liquidity and Capital Resources

For the quarter ended June 30, 2013, net cash used in operations totaled Php7.97 million including the net income before tax of Php26.62 million and the depreciation and amortization of Php10.66 million. Prepaid and other current assets went up by Php5.72 million, while trade and other payables decreased by Php23.55 million.

For the same period in 2012, net cash used in operations totaled Php0.69 million including the net loss of Php0.58 million. Prepaid/other current assets slightly decreased by Php0.02 million and accrued expenses and other payables by Php0.11 million.

Financial Position as of June 30, 2013 Compared to Financial Position as of December 31, 2012

Statements of financial position data	June 30, 2013	December 31, 2012	% Inc/ (Dec)
Total Current Assets	363,784,109	1,713,736	21128%
Total Assets	840,667,528	1,713,736	48955%
Total Current Liabilities	124,093,165	125,124	99076%
Total Liabilities	162,890,541	125,124	130083%
Total Stockholders' Equity	677,776,987	1,588,612	42565%

The material changes in the statements of financial position are due to the following:

- On February 8, 2013, the stockholders of the Company representing at least two thirds of the outstanding capital stock approved the subscription by the following within the IPM group of companies or any of their designees/nominees to a total of 500,000,000 shares out of the ₱ 500,000,000 increase in the authorized capital stock of the Company previously approved by the shareholders, at a total subscription price of ₱500,000,000, payable in cash: (a) IPM Construction and Development Corporation, ₱350,000,000; (ii) IPM Environmental Services, Inc., ₱ 100,000,000; and (b) IPM Realty and Development Corporation, ₱50,000,000. The stockholders approved the amendment of the primary purpose of the Company to enable the Company to revert to being a holding company and give it more flexibility in looking for suitable investments.

- In the same meeting, the stockholders also approved the Company's acquisition of 615,000,000 shares in Basic Environmental Systems and Technologies, Inc. ("BEST") at par value of ₱1 per share, which will constitute 75% of the resulting outstanding capital of BEST.

- In February 2013, the Company received a total of Php500 million as deposit for the subscription to the proposed increase in its authorized capital stock. The Company has filed with the Securities and Exchange Commission the corresponding application to increase its authorized capital stock from Php240 million to Php740 million.

- On March 4, 2013, the Company acquired shares in BEST and subscription rights from various stockholders of BEST amounting to Php450 million and Php12.50 million , respectively, which resulted in the Company obtaining 75% interest in BEST, thereby treating BEST as its subsidiary starting March 4, 2013.

- On June 11, 2013, The Securities and Exchange Commission approved the Corporation's increase in authorized capital stock from Php 240,000,000 to Php 740,000,000 divided into 740,000,000 shares with a par value of Php 1.00 each share.

From March 2013, the results of operations of BEST is consolidated into the Company's financial statements, thus:

- Total assets increased by 48955% from Php1.71 million as of December 31, 2012 to Php840.67 million as of June 30, 2013.

- Cash and cash equivalents increased by 3139% from Php1.69 million as of December 31, 2012 to Php54.85 million as of June 30, 2013.

- Current ratio decreased by 78.61% from 13.70x in December 2012 to 2.93x in June 2013; net working capital totaled Php239.69 million in June 2013 as compared to Php1.59 million in December 2012.

- Total stockholders' equity went up by 42565% from Php1.588 million in December 2012 to Php677.78 million in June 2013, including the Php158.26 million equity attributable to non-controlling interests.

Key Performance Indicators

Since the consolidation only commenced in March 2013, its key performance indicators are as follows:

KPI	Calculation	June 30, 2013	December 31, 2012
Current Ratio (1)	Current Assets/Current Liabilities	2.93x	13.70x
Quick Ratio (2)	Cash + Receivables/Current Liabilities	2.68X	13.54x
Debt to Equity Ratio (3)	Liabilities/ Stockholders' Equity	.31x	0.08x
Book Value per share (4)	Stockholders' Equity/ Number of Shares Outstanding	.753	0.008
Income (Loss) per Share (5)*	Net Income (Loss)/Weighted Average Number of Shares Outstanding	0.03	(.010)

**Net income attributable to equity holdings of the parent*

		June 30, 2013	December 31, 2012
(1)	Current Ratio	363,784,109/124,093,165	1,713,736/125,124
(2)	Quick Ratio	332,968,173/124,093,165	1,693,736/125,124
(3)	Debt to Equity	162,890,541/519,517,744	125,124/1,588,612
(4)	Book Value/Share	519,517,744/690,000,000	1,588,612/190,000,000
(5)	Income (Loss) per Share	17,929,131/690,000,000	1,857,239/190,000,000

The Current Ratio is the general 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.

Other Matters

No disclosures nor discussions were made for the following since these did not affect the past and present operations or the foreseeable future operations of the Company:

(a) Any known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity other than those discussed in the Plan of Operation, Item 2-Management's Discussion and Plan of Operations.

(b) Any material commitments for capital expenditures, the general purpose of the commitments and the expected sources of funds for the expenditures.

(c) Any known trends, events, or uncertainties that have had or that reasonably expected to have a material favorable or unfavorable impact on net sales or income other than what was mentioned in the Plan of Operation, Item 2 – Management's Discussion and Analysis;

(d) Any significant elements of income or loss that did not arise from the Company's continuing operations;

(e) Any seasonal aspects that have material effect on the financial condition or results of operation except as mentioned in the Notes to Financial Statements No 5.

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.

IV. BRIEF DESCRIPTION OF GENERAL NATURE AND SCOPE OF 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 10.0 million common shares out of the unissued authorized capital stock of the Company at a subscription price of ₱1.00 per share. Of the total issue price of ₱10.0 million, P5.045 million was paid to the Company on December 31, 2009 while the balance was settled in full on February 1, 2010.

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

On November 20, 2012, the Board of Directors approved the subscription of the IPM group of companies to a total of 500,000,000 shares out of the Php500,000,000 increase in the authorized capital stock of the Company previously approved by the stockholders, at a total subscription price of Php500,000,000, payable in cash. Also, the Board of Directors authorized the acquisition of 615,000,000 shares in Basic Environmental Systems and Technologies, Inc. (BEST) at par value of ₱1 per share, which will constitute 75% of the resulting outstanding capital of BEST. BEST is a corporation engaged in contracting and consulting business for waste management, public cleansing, sanitation and general hygiene to provide comprehensive waste disposal services.

On February 8, 2013, the stockholders of the Company representing at least two thirds of the outstanding capital stock approved the subscription by the following within the IPM group of companies or any of their designees/nominees to a total of 500,000,000 shares out of the ₱500,000,000 increase in the authorized capital stock of the Company previously approved by the shareholders, at a total subscription price of ₱500,000,000, payable in cash: (a) IPM Construction and Development Corporation, ₱ 350,000,000; (ii) IPM Environmental Services, Inc., ₱100,000,000; and (b) IPM Realty and Development Corporation, ₱50,000,000. On the same date, the stockholders approved the amendment of the primary purpose of the Company to enable the Company to revert to being a holding company and give it more flexibility in looking for suitable investments.

On February 11, 2013 and February 12, 2013, the Company received ₱50,000,000 and ₱450,000,000, respectively, as deposits for the said subscription to the proposed increase in the authorized capital stock of the Company. On March 4, 2013, the Company acquired shares in BEST and subscription rights from various stockholders of BEST amounting to ₱450,000,000 and ₱12,500,000, respectively, which resulted in the Company obtaining 75% interest in BEST, thereby treating BEST as its subsidiary starting March 4, 2013.

On June 11, 2013, The Securities and Exchange Commission approved the Corporation's increase in authorized capital stock from Php 240,000,000 to Php 740,000,000 divided into 740,000,000 shares with a par value of Php 1.00 each share**.**

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. (IPPI) has been rescinded.

After several years of looking for suitable investments, MIC finally reached agreement with the IPM group of companies in late 2012 for: (i) the subscription by the IPM group to 500,000,000 shares of the Company at a total subscription price of P500,000,000, and (ii)the acquisition by the company of a 75% equity interest in BEST, a member company of the IPM group, using the proceeds of the IPM group subscription. These transactions were approved by the stockholders of the Company representing at least two-thirds of the Company's outstanding capital stock in its meeting on February 8, 2013. The subscription agreements and related documents to implement the transactions were executed on March 4, 2013.

INDUSTRY TRENDS/COMPETITION

BEST is one of the few players in the solid waste management contracting industry which owns and operates its own sanitary landfill facility, having established the Morong Sanitary Landfill in 2008 to cater to the waste disposal needs of the cluster towns of Morong, Teresa, Baras and Cardona. In addition, it maintains under contract with its affiliate, IPM Environmental Services, Inc. IPM ESI), the latter's Quezon City Sanitary Landfill in Payatas which receives the solid waste of Quezon City. Moreover, it has a large fleet of dump trucks and other hauling/materials handling equipment that it uses for its waste collection and management contracts.

An emerging trend in the solid waste management industry is the so-called refuse-derived fuel (RDF) which involves the processing of solid waste into fuel for the cement and power generation industries, in substitution for coal. The production of RDF not only reduces industry's dependence on fossil fuels but also prevents the accumulation of waste matter in landfills, extending the latter's service life to the benefit of the general populace.

BEST is at the forefront of this new technology, through the first ever RDF facility constructed in the country , which is owned by a BEST affiliate, Mundo Verde Corporation, a joint venture with La Farge Industrial Ecology International, SA and IPM ESI. After this first facility which went into operation in early 2013, BEST is seen as the lead company within the IPM group to undertake additional RDF plants, utilizing waste collected in IPM ESI's Quezon City Landfill, transfer stations operated by another affiliate, IPM Construction and Development Corporation, and BEST's own landfill in Morong.

In the next several years, the Company intends to focus on growing BEST through the expansion of its municipal solid waste contracting business and establishment of additional facilities for the production of RDF. BEST is thus envisioned to provide significant income growth for the Company and its shareholders, particularly in light of the growing demand for renewable energy sources amid the burgeoning waste production of the rapidly growing urban population in the country, and BEST's unique position as a pioneer in RDF technology and its ready access to RDF feedstock.

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

Except as disclosed in Note 10 of the audited financial statements for 2012, 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 it has 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.

V. MARKET PRICE OF AND DIVIDENDS ON THE COMPANY'S COMMON EQUITY

(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 two quarters of 2013 are as follows:

Year	Quarter	High (in Php)	Low (in Php)
2011	First	3.11	2.60
	Second	2.85	2.10
	Third	6.24	2.51
	Fourth	4.60	3.40
2012	First	5.80	4.48
	Second	5.70	4.38
	Third	5.85	4.96
	Fourth	6.63	4.70
2013	First	7.65	5.95
	Second	6.70	5.00

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)
2013	July 31	5.75
	August 20	5.60

(2) HOLDERS

The Company has only common stock, with P1.00 par value. As of July 31, 2013, the number of common shares issued and outstanding was 690.0 million shares, held by a total of 129 stockholders. The top twenty (20) stockholders of the Company as of July 31, 2013 were as follows:

	Name	No. of Shares	Percentage to Total
1.	IPM Construction and Development Corp.	350,000,000	50.725%
2.	PCD Nominee Corporation (Filipino)	166,943,774	24.195%
3.	IPM Environmental Services Inc.	100,000,000	14.493%
4.	IPM Realty and Development Corporation	50,000,000	7.246%
5.	Jewelle Y. Lao	7,168,997	1.039%
6.	PCD Nominee Corporation (Non-Filipino)	2,709,000	0.393%
7.	William D. Ty	2,000,000	0.290%
	Victoria M. Vazquez	2,000,000	0.290%
8.	Gener T. Mendoza	1,855,000	0.269%
9.	Jocelyn Y. Lao	1,800,000	0.261%
10.	David L. Kho	1,790,000	0.259%
11.	Isabelita P. Mercado	1,000,000	0.145%
	Sally Penalosa	1,000,000	0.145%
12.	David L. Kho ITF Justine Dale Kho	423,000	0.061%
13.	David L. Kho ITF Justine Dale Y. Kho	162,000	0.023%
14.	Joseph Y. Lao	100,000	0.014%
	S.J. Roxas & Co., Inc.	100,000	0.014%
15.	Violet L. Lim	74,000	0.011%
16.	Ma. Teresina T. De Leon	61,000	0.009%
	Hanson G. So &/or Larcy Marichi Y. So	61,000	0.009%
17.	Pei Zhi Lin	60,000	0.009%
18.	PCCI Securities Brokers Corporation	50,000	0.007%
19.	Romeo G. Sese	37,000	0.005%
20.	Roberto L. Uy	32,000	0.005%
	TOTAL	**689,426,771**	**99.917%**

(3) DIVIDENDS

No dividends, either in cash or stock, were declared on the shares for the last four (4) years, i.e., 2012, 2011, 2010 and 2009. 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.

VI. DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON 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. The Company has not deviated from its own Revised Manual on Corporate Governance.

The Company also continues to review and strengthen its policies and procedures, giving due consideration to areas that, for the best interests of the Company and its stockholders, need further improvement. The same is being done by participating in the corporate governance survey of the Philippine Stock Exchange, Inc. The Company will put in place a more comprehensive system to ensure compliance with leading corporate governance practices as soon as its business becomes fully operational.

Board of Directors

The Board of Directors consists of 7 directors, two of whom are executive officers and five are non-executive directors. The Board's membership reflects a blend of different financial and commercial experiences.

Directors	Executive Officers	Non-executive Officers	Independent Director
Alfredo P. Javellana II		√	√
Gener T. Mendoza	√		
Antonio Victoriano F. Gregorio III		√	
Isabelita P. Mercado	√		
William D. Ty			√
Francis Neil P. Mercado		√	
Joseph Quintin Y. Lao		√	

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
Members:

- Atty. Alfredo P. Javellana II (chairman/independent director)
- William D. Ty (independent director)
- Francis-Neil 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
Members:

- William D. Ty (chairman/independent director)
- Atty. Antonio Victoriano F. Gregorio III
- Joseph Quintin Y. Lao

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 May 23, 2012, Atty. Ana Maria A. Katigbak was re-appointed as Compliance Officer ("CO").

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

Relation with Shareholders

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

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

VII. EXTERNAL AUDIT FEES

1. Audit and Audit-Related Fees

MIC paid its auditors the following fees for the last two (2) years for professional services rendered:

Year	Audit Fees	Tax Fees	All Other Fees
2012	Php 100,000.00	-	-
2011	100,000.00	-	-

2. Other assurance and related services by the external auditor that are reasonable related to the performance of the audit review of the Company's financial statements – **NONE**

3. Tax Fees – **NONE**

4. All other fees – **NONE**

5. The Audit Committee has checked all financial reports against their compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements. They reviewed all audit plans, scope, resources and budget necessary to implement it. The financial statement was then presented to and approved by the Audit Committee and Board of Directors. Payments and fees related to the services by the external auditor were discussed and approved by the Audit Committee.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE 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, 2012 and 2011, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the 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 has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Signed under oath by the following:

ALFREDO P. JAVELLANA II
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)

Signed this 10th day of April, 2013

SUBSCRIBED AND SWORN to before me this APR 15 2013, affiants exhibiting to me their Residence Certificates, as follows:

Name	CTC No.	Date of Issue	Place of Issue
Alfredo P. Javellana II			
Gener T. Mendoza	22025627	Jan. 11, 2013	Makati City
Isabelita P. Mercado	1733602	Jan. 17, 2013	Pasig City

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Page No. 84
Book No. I
Series of 2013

MARY MELANIE H. QUINO
NOTARY PUBLIC
UNTIL DEC. 31, 2014
PTR NO. [illegible]
IBP LIFETIME NO. 07635
ROLL NO. 53916
MCLE COMPLIANCE NO. IV 0007984

APR 13 2013

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 Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SGV&Co
Ernst & Young

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

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

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

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, 2012 and 2011, 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, 2012 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.

SGV & Co
Ernst & Young

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Minerales Industrias Corporation as at December 31, 2012 and 2011, and its financial performance and its cash flows for each of the three years ended December 31, 2012 in accordance with Philippine Financial Reporting Standards.

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.

Jessie D. Cabaluna
Partner
CPA Certificate No. 36317
SEC Accreditation No. 0069-AR-3 (Group A),
February 14, 2013, valid until February 13, 2016
Tax Identification No. 102-082-365
BIR Accreditation No. 08-001998-10-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 3669666, January 2, 2013, Makati City

April 10, 2013

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COLLECTION SECTION
DATE
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MINERALES INDUSTRIAS CORPORATION
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2012	2011
ASSETS		
Current Assets		
Cash (Notes 4 and 12)	**₱1,693,736**	₱3,545,263
Receivables (net of allowance for impairment losses of ₱1,066,172 as of December 31, 2012 and 2011) (Note 12)	**–**	–
Other current assets - net (Note 6)	**20,000**	20,000
Total Assets	**₱1,713,736**	₱3,565,263
LIABILITY AND EQUITY		
Current Liability		
Accrued expenses and other payables (Notes 7 and 12)	**₱125,124**	₱119,412
Equity		
Capital stock (Note 8)	**190,000,000**	190,000,000
Deficit	**(188,411,388)**	(186,554,149)
Total Equity	**1,588,612**	3,445,851
	₱1,713,736	₱3,565,263

See accompanying Notes to Financial Statements.

MINERALES INDUSTRIAS CORPORATION
STATEMENTS OF INCOME

	Years Ended December 31		
	2012	2011	2010
INCOME			
Interest (Note 4)	**₱86,475**	₱13,031	₱18,241
Gain on sale of available-for-sale financial assets (Note 5)	–	85,762	112,727
	86,475	98,793	130,968
EXPENSES			
Professional fees	**507,160**	428,641	542,800
Salaries and wages	**476,000**	408,488	362,782
Stock exchange listing fee	**255,050**	255,050	270,000
Utilities (Note 10)	**180,000**	180,000	120,000
Directors' per diem (Note 10)	**160,000**	–	–
Entertainment, amusement and recreation	**128,654**	89,855	43,939
Provision for impairment losses (Note 6)	**89,879**	1,990,407	–
Office supplies and printing costs	**45,028**	72,785	11,150
Transportation	**38,779**	39,515	32,935
Taxes and licenses	**8,219**	9,541	58,912
Miscellaneous	**37,650**	45,967	18,806
	1,926,419	3,520,249	1,461,324
LOSS BEFORE INCOME TAX	**1,839,944**	3,421,456	1,330,356
PROVISION FOR INCOME TAX (Note 9)	**17,295**	2,606	3,648
NET LOSS	**₱1,857,239**	₱3,424,062	₱1,334,004
Basic/Diluted Loss Per Share (Note 11)	**₱0.0098**	**₱0.0180**	**₱0.0071**

See accompanying Notes to Financial Statements.

MINERALES INDUSTRIAS CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2012	2011	2010
NET LOSS	**(₱1,857,239)**	(₱3,424,062)	(₱1,334,004)
OTHER COMPREHENSIVE INCOME (LOSS) (Note 5)			
Unrealized fair value gains on available-for-sale financial assets	–	22,629	138,697
Transferred to profit or loss	–	(85,762)	(112,727)
	–	(63,133)	25,970
TOTAL COMPREHENSIVE LOSS	**(₱1,857,239)**	(₱3,487,195)	(₱1,308,034)

See accompanying Notes to Financial Statements.

MINERALES INDUSTRIAS CORPORATION

STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 8)	Subscribed Capital Stock (Note 8)	Subscriptions Receivable (Note 8)	Revaluation Reserve on Available-for-Sale Financial Assets (Note 5)	Deficit	Total
At January 1, 2012	**₱190,000,000**	₱–	₱–	₱–	**(₱186,554,149)**	**₱3,445,851**
Net loss	–	–	–	–	**(1,857,239)**	**(1,857,239)**
At December 31, 2012	**₱190,000,000**	₱–	₱–	₱–	**(₱188,411,388)**	**₱1,588,612**
At January 1, 2011	₱190,000,000	₱–	₱–	₱63,133	(₱183,130,087)	₱6,933,046
Net loss	–	–	–	–	(3,424,062)	(3,424,062)
Other comprehensive loss	–	–	–	(63,133)	–	(63,133)
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 of stock	10,000,000	(10,000,000)	4,955,000	–	–	4,955,000
Net loss	–	–	–	–	(1,334,004)	(1,334,004)
Other comprehensive income	–	–	–	25,970	–	25,970
Total comprehensive income (loss)	–	–	–	25,970	(1,334,004)	(1,308,034)
At December 31, 2010	₱190,000,000	₱–	₱–	₱63,133	(₱183,130,087)	₱6,933,046

See accompanying Notes to Financial Statements.

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COLLECTION SECTION
DATE
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MINERALES INDUSTRIAS CORPORATION
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2012	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	**(₱1,839,944)**	(₱3,421,456)	(₱1,330,356)
Adjustments for:			
Provision for impairment losses (Note 6)	**89,879**	1,990,407	–
Gain on sale of available-for-sale financial assets (Note 5)	–	(85,762)	(112,727)
Interest income (Note 4)	**(86,475)**	(13,031)	(18,241)
Operating loss before changes in working capital	**(1,836,540)**	(1,529,842)	(1,461,324)
Changes in operating assets and liabilities			
Increase in other current assets	**(89,879)**	(84,071)	(77,372)
Increase (decrease) in accrued expenses and other payables	**5,712**	2,038	(273,649)
Net cash used in operations	**(1,920,707)**	(1,611,875)	(1,812,345)
Interest received	**86,475**	13,031	18,241
Income tax paid	**(17,295)**	(2,606)	(3,648)
Net cash used in operating activities	**(1,851,527)**	(1,601,450)	(1,797,752)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of available-for-sale financial assets	–	176,953	1,935,389
Acquisition of available-for-sale financial assets	–	–	(1,542,662)
Net cash provided by investing activities	–	176,953	392,727
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of advances from shareholders	–	–	(685,000)
Proceeds from issuance of shares of stock	–	–	4,955,000
Net cash provided by financing activities	–	–	4,270,000
NET INCREASE (DECREASE) IN CASH	**(1,851,527)**	(1,424,497)	2,864,975
CASH AT BEGINNING OF YEAR	**3,545,263**	4,969,760	2,104,785
CASH AT END OF YEAR (Note 4)	**₱1,693,736**	₱3,545,263	₱4,969,760

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.

On December 20, 1999, the stockholders approved 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 shares with a par value of ₱1 per share. On August 31, 2007, the stockholders approved the delegation to the Board of Directors (BOD) of the prerogative to determine the investors to whom the shares may be issued amounting to an aggregate of ₱560,000,000 (₱500,000,000 coming from the increase in authorized capital stock and ₱60,000,000 from the unissued capital stock of the Company). Following the private placement by the Corporation of 10,000,000 shares in 2010, the unissued shares from the Company's current authorized capital stock amounted to ₱50,000,000 as of December 31, 2012 and 2011 (see Note 8).

The Company incurred net losses of ₱1,857,239, ₱3,424,062 and ₱1,334,004 for the years ended December 31, 2012, 2011 and 2010, respectively. The Company's deficit as of December 31, 2012, 2011 and 2010 amounted to ₱188,411,388, ₱186,554,149 and ₱183,130,087, respectively. For the last few years, the Company has not been engaged in any investing or operating activity.

On November 20, 2012, the BOD authorized the Company to issue a total of 500,000,000 shares at par value of ₱1 per share in favor of the IPM group of companies. Also, the Company's BOD authorized the acquisition of 615,000,000 shares in Basic Environmental Systems and Technologies, Inc. (BEST) at par value of ₱1 per share, which will constitute 75% of the resulting outstanding capital of BEST. Further, the Company was authorized to partially pay for the 615,000,000 shares in BEST as follows: (a) ₱450,000,000 for the 600,000,000 shares that will come from the increase in authorized capital stock of BEST; and (b) ₱12,500,000 for the subscription rights to 15,000,000 shares in BEST. BEST is a corporation engaged in contracting and consulting business for waste management, public cleansing, sanitation and general hygiene to provide comprehensive waste disposal services.

On February 8, 2013, the stockholders of the Company representing at least two thirds of the outstanding capital stock approved the subscription by the following within the IPM group of companies or any of their designees/nominees to a total of 500,000,000 shares out of the ₱500,000,000 increase in the authorized capital stock of the Company previously approved by the shareholders, at a total subscription price of ₱500,000,000, payable in cash: (a) IPM Construction and Development Corporation, ₱350,000,000; (ii) IPM Environmental Services, Inc., ₱100,000,000; and (b) IPM Realty and Development Corporation, ₱50,000,000. On the same date, the stockholders approved the amendment of the primary purpose of the Company to enable the Company to revert to being a holding company and give it more flexibility in looking for suitable investments.

On February 11, 2013 and February 12, 2013, the Company received ₱50,000,000 and ₱450,000,000, respectively, as deposits for the said subscription to the proposed increase in the authorized capital stock of the Company. On March 4, 2013, the Company acquired shares in BEST and subscription rights from various stockholders of BEST amounting to ₱450,000,000 and ₱12,500,000, respectively, which resulted in the Company obtaining 75% interest in BEST.

The Company will file with the SEC the corresponding application to increase its authorized capital stock to ₱740,000,000 in due course.

The registered office address of the Company is Room 322, 3rd Floor, LRI Design Plaza, 210 Nicanor Garcia Street, Barangay Sta. Cruz, Makati City.

The accompanying financial statements were authorized for issue by the Audit Committee and the BOD on April 10, 2013.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying financial statements have been prepared on a historical basis. 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). Securities Regulation Code 68, As Amended (2011) (SRC Rule 68) requires entities covered by part II of SRC Rule 68 to prepare financial statements in accordance with PFRS.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial years except for the adoption of the following new and amended PFRS and Philippine Accounting Standards (PAS) which became effective beginning January 1, 2012.

Amendments to PFRS 7, *Financial Instruments: Disclosures - Transfers of Financial Assets*

The amendments require additional disclosures about financial assets that have been transferred but not derecognized to enhance the understanding of the relationship between those assets that have not been derecognized and their associated liabilities. In addition, the amendments require disclosures about continuing involvement in derecognized assets to enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets. The amendments have no impact on the Company's financial position or performance since the Company does not engage in these types of transfers of financial assets.

Amendments to PAS 12, *Income Taxes - Deferred Tax: Recovery of Underlying Assets*

This amendment to PAS 12 clarifies the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that the carrying amount of investment property measured using the fair value model in PAS 40, *Investment Property*, will be recovered through sale and, accordingly, requires that any related deferred tax should be measured on a 'sale' basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time ('use' basis), rather than through sale. Furthermore, the amendment introduces the requirement that deferred tax on non-depreciable assets measured using the revaluation model in PAS 16, *Property, Plant and Equipment*, always be measured on a sale basis of the asset. The amendment did not have an impact on the Company's financial position or performance since the Company has no investment property and property and equipment.

Future Changes in Accounting Policies
The Company will adopt the following new and amended standards and interpretations enumerated below when these become effective.

Effective 2013
Amendments to PFRS 7, *Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
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 set off 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 set-off 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 amendments are to be applied retrospectively. The amendments will not have significant impact on the Company's financial position or performance.

PFRS 10, *Consolidated Financial Statements*
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 that were in PAS 27. The adoption of this standard will have a significant impact on the Company's financial position and performance as a result of the Company's acquisition of 75% interest in BEST in 2013.

PFRS 11, *Joint Arrangements*
PFRS 11 replaces PAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly-controlled Entities - Non-monetary Contributions by Venturers*. PFRS 11 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. The adoption of this

standard will not have a significant impact on the Company's financial position or performance since Company has not entered into any joint arrangements.

PFRS 12, *Disclosure of Interests with Other Entities*
PFRS 12 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, *Investments in Associates*. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The adoption of this standard affects disclosure only as a result of the Company's acquisition of 75% interest in BEST and will have no significant impact on the Company's financial position and performance. Additional disclosures required by this standard aside from the disclosures previously required under PAS, 27, 28 and 31 include the following:

a) Nature of the Company's interest in BEST; and,
b) Nature and extent of financial effects arising from the Company's interest in BEST.

PFRS 13, *Fair Value Measurement*
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. This standard should be applied prospectively as of the beginning of the annual period in which it is initially applied. Its disclosure requirements need not be applied in comparative information provided for periods before initial application of PFRS 13. The adoption of this standard will not have a significant impact on its financial position and performance since the Company has no more assets or liabilities carried at fair value as of December 31, 2012 and 2011.

Amendments to PAS 1, *Financial Statement Presentation, Presentation of Items of Other Comprehensive Income (OCI)*
The amendments to PAS 1 changed 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 will not have an impact on the Company's financial position or performance since the Company has no items of OCI as of December 31, 2012.

Amendments to PAS 19, *Employee Benefits*
Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The revised standard also requires new disclosures such as, among others, a sensitivity analysis for each significant actuarial assumption, information on asset-liability matching strategies, duration of the defined benefit obligation, and disaggregation of plan assets by nature and risk. The adoption of this standard will have no impact on its financial position or performance since the Company has no retirement fund or retirement obligation.

PAS 27 (Revised), *Separate Financial Statements*
As a consequence of the new PFRS 10 and PFRS 12, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The adoption of this standard affects disclosure only as a result of the Company's acquisition of 75% interest in BEST and will have no significant impact on the Company's financial position and performance.

PAS 28 (Revised), *Investments in Associates and Joint Ventures*
As a consequence of the new PFRS 11, 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. The adoption of the amended PAS 28 will not have an impact on the Company's financial statements since the Company has no investment in associates and joint ventures.

Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*
This interpretation applies to waste removal costs ("stripping costs") that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). If the benefit from the stripping activity will be realized in the current period, an entity is required to account for the stripping activity costs as part of the cost of inventory. When the benefit is the improved access to ore, the entity should recognize these costs as a noncurrent asset, only if certain criteria are met ("stripping activity asset"). The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset. After initial recognition, the stripping activity asset is carried at its cost or revalued amount less depreciation or amortization and less impairment losses, in the same way as the existing asset of which it is a part. The Company expects that this interpretation will not have any impact on its financial position or performance since the Company is not involved in mining activities.

Annual Improvements to PFRSs (2009-2011 cycle)
The Annual Improvements to PFRSs (2009-2011 cycle) contain non-urgent but necessary amendments to PFRSs. The amendments are effective for annual periods beginning on or after January 1, 2013 and are applied retrospectively. Earlier application is permitted.

PFRS 1, *First-time Adoption of PFRS - Borrowing Costs*
The amendment clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, *Borrowing Costs*. The amendment does not apply to the Company as it is not a first-time adopter of PFRS.

PAS 1, *Presentation of Financial Statements - Clarification of the Requirements for Comparative Information*
The amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendment will not have significant impact on the Company's financial statements since the Company's information disclosures are already in accordance with the requirement of PAS 1.

PAS 16, *Property, Plant and Equipment - Classification of Servicing Equipment*
The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise. The amendment will not have any impact on the Company's financial position or performance since the Company does not have this type of equipment.

PAS 32, *Financial Instruments: Presentation - Tax Effect of Distribution to Holders of Equity Instruments*
The amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, *Income Taxes*. The Company will assess the impact of this amendment when they undergo certain transactions involving equity distributions to equity holders.

PAS 34, *Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities*
The amendment clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entity's previous annual financial statements for that reportable segment. The amendment will not have significant impact on the Company's financial statements since disclosures on interim reports and segment information are consistent of the improvements.

Effective 2014
Amendments to PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
The amendments to PAS 32 clarify the meaning of "currently has a legally enforceable right to set-off and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments will have no impact in the Company's financial position or performance since the Company does not offset its financial instruments.

Effective 2015
PFRS 9, *Financial Instruments: Classification and Measurement*
PFRS 9, as issued, reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have no impact on the measurement of the Company's financial assets and liabilities since these financial instruments are carried at amortized cost.

Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
This Philippine Interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. This Philippine 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. Adoption of the interpretation when it becomes effective will not have an impact on the Company's financial statements since the Company is not involved in the construction or real estate.

Cash
Cash includes cash on hand and deposits held on demand with banks and are carried in the statement of financial position at nominal amount.

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, available-for-sale (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 recognized initially at fair value of the consideration given. The fair values of the consideration given are determined by reference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for similar instruments with similar maturities. The initial measurement of financial instruments, except for those designated at FVPL, includes transaction costs.

As of December 31, 2012 and 2011, the Company has no financial assets and liabilities at FVPL, AFS financial assets and HTM investments. In 2011, the Company already disposed all of its AFS financial assets.

Determination of fair value
The fair values for financial instruments traded in active markets at the 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. Any difference noted between the fair value and the transaction price is treated as expense or income, unless it qualifies for recognition as some type of asset or liability.

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; and
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 difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value ('Day 1' profit or loss) in the statement of income 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 the statement of income 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 or loss 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 designated as AFS financial assets or financial assets at FVPL.

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. This accounting policy relates to the statement of financial position caption "Cash" and "Receivables".

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 reported as "Revaluation reserve on available-for-sale financial assets" in the equity portion of the statement of financial position.

When the security is disposed of, the cumulative gain or loss previously recognized in other comprehensive income is reported as “Gain (loss) on sale of AFS financial assets” in the statement of income. 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 contain 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).

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.

Offsetting of Financial Instruments
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 amount and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of Financial Assets
The Company assesses at each 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 on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial assets' original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss shall be recognized in company statement of income during the period in which it arises.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the company statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

In relation to loans and receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of an allowance account. Impaired loans and receivables are derecognized when they are assessed as uncollectible.

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 the statement of income. Impairment losses on equity securities are not reversed through the statement of income. Increases in fair value after impairment are recognized in other comprehensive income.

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.

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, 2012 and 2011, 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.

AFS financial asset amounted to nil as of December 31, 2012 and 2011 (see Note 5).

Recognition of deferred tax assets
As of December 31, 2012 and 2011, 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. As of December 31, 2012 and 2011, unrecognized deferred tax assets amounted to ₱2,907,000 and ₱2,687,960, respectively (see Note 9).

4. **Cash**

This account consists of:

	2012	2011
Cash on hand	**₱5,000**	₱4,959
Cash in bank	**1,688,736**	3,540,304
	₱1,693,736	₱3,545,263

Cash in bank earns interest at the prevailing bank deposit rate. Interest earned on cash in bank amounted to ₱86,475, ₱13,031 and ₱18,241 in 2012, 2011 and 2010, respectively.

5. **Available-for-Sale Financial Assets**

This account represents 350,737 shares in Suntrust Home Development, Inc. (Suntrust) as of December 31, 2010. In 2011 and 2010, the Company sold AFS financial assets amounting to ₱154,324 and ₱1,822,662, respectively. The sale resulted to the recognition of realized gain in the Company's statements of income amounting to ₱85,762 and ₱112,727 in 2011 and 2010, respectively. Total unrealized fair value gain on AFS financial assets amounted to nil, ₱22,629 and ₱138,697 as of December 31, 2012, 2011 and 2010, respectively.

6. Other Current Assets

This account consists of:

	2012	2011
Prepaid taxes	**₱1,976,300**	₱1,976,300
Creditable withholding tax	**1,137,430**	1,137,430
Input VAT	**942,856**	852,977
Prepaid expenses	**20,000**	20,000
	4,076,586	3,986,707
Less allowance for impairment losses	**4,056,586**	3,966,707
	₱20,000	₱20,000

The Company provided an allowance on its prepaid taxes, creditable withholding tax and input VAT amounting to ₱4.06 million and ₱3.97 million as of December 31, 2012 and 2011, respectively, due to low probability that these assets may be utilized in the future.

The movements in allowance for impairment losses follow:

	2012	2011
Balance at beginning of year	**₱3,966,707**	₱1,976,300
Provision	**89,879**	1,990,407
Balance at end of year	**₱4,056,586**	₱3,966,707

7. Accrued Expenses and Other Payables

This account consists of:

	2012	2011
Accrued expenses	**₱114,356**	₱110,000
Taxes payable	**10,768**	9,412
	₱125,124	₱119,412

Accrued expenses and taxes payable 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:

	2012	2011
Common stock, ₱1 par value 240,000,000 authorized shares	**₱240,000,000**	₱240,000,000
Number of shares issued and outstanding, at the beginning and at the end of year	**190,000,000**	190,000,000

In accordance with Annex 68-D of SRC Rule 68, below is a summary of the Company's track record of registration of securities.

Common Shares	**Number of Shares Registered**	**Issue/Offer Price**	**Date of Approval**	**Number of Holders of Securities as of December 31, 2012**
180,000,000	180,000,000	₱1.00	August 31, 1995	
10,000,000	10,000,000	1.00	April 14, 2010	129 shareholders
190,000,000	190,000,000			

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 (see Note 1).

9. Income Tax

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

The components of the Company's unrecognized deferred tax assets follow:

	2012	2011
Allowance for impairment losses	**₱5,122,758**	₱5,032,879
NOLCO	**4,567,242**	3,926,987
	9,690,000	8,959,866
Tax rate	**30%**	30%
Deferred tax asset	**₱2,907,000**	₱2,687,960

The Company's deferred tax assets were not recognized in the books because management believes that it is not probable that taxable profits will be available against which these can be utilized. 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, 2012 consists of:

Year Incurred	Amount	Expiry Date
2010	₱1,418,512	2013
2011	1,440,844	2014
2012	1,707,886	2015
	₱4,567,242	

The movements in NOLCO follow:

	2012	2011
Balance at beginning of year	**₱3,926,987**	₱3,598,899
Addition	**1,707,886**	1,440,844
Expiration	**(1,067,631)**	(1,112,756)
Balance at end of year	**₱4,567,242**	₱3,926,987

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

	2012	2011	2010
Statutory income tax	**(₱551,983)**	(₱1,026,437)	(₱399,107)
Add (deduct) tax effects of:			
Change in unrecognized deferred tax assets	**539,330**	1,029,118	425,215
Nondeductible expenses	**38,596**	26,957	13,182
Nontaxable income	**–**	(25,729)	(33,818)
Interest income subjected to lower tax rate	**(8,648)**	(1,303)	(1,824)
Effective income tax	**₱17,295**	₱2,606	₱3,648

10. **Related Party Transaction**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) parties owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company; (b) associates; and (c) individual owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individuals.

Outstanding balances arising from related party transaction follows:

	Amount		Outstanding Balance			
Category	2012	2011	2012	2011	Terms	Conditions
Other related parties:						
GNCA Holdings, Inc. (GNCA)						
Utilities	**₱180,000**	₱180,000	**₱–**	₱–	Due and demandable	Unsecured
Directors						
Directors' per diem	**160,000**	–	**–**	–	Due and demandable	Unsecured
	₱340,000	₱180,000	**₱–**	₱–		

The Company entered into an agreement with 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 in 2012 and 2011, in lieu of its proportionate share in monthly rentals on the leased premises.

In 2012, the BOD approved the grant of per diem to members of the BOD, for every attendance at regular meetings of the BOD.

There is no compensation of key management personnel for the years ended December 31, 2012, 2011 and 2010.

11. Basic/Diluted Loss per Share

Basic/diluted loss per share was computed as follows:

	2012	2011	2010
Net loss (a)	**₱1,857,239**	₱3,424,062	₱1,334,004
Weighted average number of outstanding common share (b)	**190,000,000**	190,000,000	189,166,667
Basic/diluted loss per share (a/b)	**₱0.0098**	₱0.0180	₱0.0071

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, 2012 and 2011.

Fair Value Hierarchy
As of December 31, 2012 and 2011, the Company has no AFS financial assets. There were no transfers between Level 1 and Level 2 financial instruments, and no transfers into of Level 3 fair value instrument.

Financial Risk Management Objectives and Policies
The Company's principal financial instruments comprise of cash 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 amounting to ₱1,693,736 and ₱3,545,263 as of December 31, 2012 and 2011, respectively (see Note 4).

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

As of December 31, 2012 and 2011, 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
Price risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

The Company sold all its AFS financial assets during 2011, thus no significant exposure to price risk was assessed as of December 31, 2012 and 2011.

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, 2012, 2011 and 2010, the Company has a deficit of ₱188,411,388, ₱186,554,149 and ₱183,130,087, respectively. In 2013, following the receipt of capital infusion from IPM group of companies, the Company acquired 75% interest in BEST, an investment that is expected to eliminate the Company's deficit and improve its financial condition.

13. **Operating Segments**

As of December 31, 2012 and 2011, the Company has no operating segment since it is not engaged in any investing and operating activity. The Company assessed that the impact of the acquisition of 75% interest in BEST on its segment reporting will be in 2013 as required by PFRS 8.

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 2012.

b. The Company has no cost of sales in 2012.

c. The Company has no non-operating and taxable other income in 2012.

d. The itemized deductions of the Company in 2012 are as follows:

Professional fees	₱507,160
Salaries and wages	476,000
Stock exchange listing fee	255,050
Utilities	180,000
Directors' per diem	160,000
Office supplies and printing costs	45,028
Transportation	38,779
Taxes and licenses	8,219
Miscellaneous	37,650
	₱1,707,886

e. The taxes and licenses paid and claimed by the Company as part of itemized deduction in 2012 pertains to license and permit fees amounting to ₱8,219.

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 2012.

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 2012.

b. Input VAT for 2012

Balance at January 1, 2012	₱852,977
Current year's domestic purchases/payments for:	
Goods other than for resale or manufacture	12,397
Services lodged under other accounts	77,482
	942,856
Claims for tax credit	–
Balance at December 31, 2012	₱942,856

Information on the Company's Importations for 2012

The Company did not have any importation transaction in 2012.

Documentary Stamp Tax
The Company did not have any transaction subject to documentary stamp tax in 2012.

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
Community Tax Certificate	500
	7,719
National	
BIR annual registration	500
	₱8,219

Withholding Taxes
The withholding taxes paid in 2012 follow:

Tax on compensation and benefits	₱41,950
Expanded withholding taxes	32,594
	₱74,544

Tax Assessments
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.

SGV & Co
Ernst & Young

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

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

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

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, 2012 on which we have rendered the attached report dated April 10, 2013.

In compliance with Securities Regulation Code Rule No. 68, we are stating that the Company has one hundred twenty one (121) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Jessie D. Cabaluna

Jessie D. Cabaluna
Partner
CPA Certificate No. 36317
SEC Accreditation No. 0069-AR-3 (Group A),
February 14, 2013, valid until February 13, 2016
Tax Identification No. 102-082-365
BIR Accreditation No. 08-001998-10-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 3669666, January 2, 2013, Makati City

April 10, 2013

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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 (the Company) as at December 31, 2012 and 2011 and for each of the three years in the period ended December 31, 2012, included in this Form 17-A, and have issued our report thereon dated April 10,2013. 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 financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jessie D. Cabaluna

Jessie D. Cabaluna
Partner
CPA Certificate No. 36317
SEC Accreditation No. 0069-AR-3 (Group A),
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April 11, 2012, valid until April 10, 2015
PTR No. 3669666, January 2, 2013, Makati City

April 10, 2013

MINERALES INDUSRIAS CORPORATION

SUPPLEMENTARY SCHEDULE OF DEFICIT

DECEMBER 31, 2012

Unappropriated deficit, as adjusted, beginning	₱186,554,149
Net loss during the period closed to deficit	1,857,239
Unappropriated deficit deficit, as adjusted,ending	₱188,411,388

MINERALES INDUSTRIAS CORPORATION
Schedule of All Effective Standards and Interpretations
Under PFRS in compliance with SRC Rule 68, As amended
December 31, 2012

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments			✓
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	Not early adopted		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	Not early adopted		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
PFRS 10	Consolidated Financial Statements	Not early adopted		
PFRS 11	Joint Arrangements	Not early adopted		
PFRS 12	Disclosure of Interests in Other Entities	Not early adopted		
PFRS 13	Fair Value Measurement	Not early adopted		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	Not early adopted		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Balance Sheet Date	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
PAS 16	Property, Plant and Equipment			✓
PAS 17	Leases			✓
PAS 18	Revenue	✓		
PAS 19	Employee Benefits			✓
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
PAS 19 (Amended)	Employee Benefits			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	Not early adopted		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	Not early adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	Not early adopted		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement			✓
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	*Scope of PFRS 2*			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	*Interim Financial Reporting and Impairment*			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

MINERALES INDUSTRIAS CORPORATION

SCHEDULE K - CAPITAL STOCK

As of December 31, 2012

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	11,079,300	178,920,700

MINERALES INDUSTRIAS CORPORATION

FINANCIAL SOUNDNESS INDICATORS

Years Ended December 31

FSI	Calculation	2012	2011
Current Ratio	Current Assets/Current Liabilities	13.70x	29.86x
Quick Ratio	Cash /Current Liabilities	13.54x	29.69x
Debt to Equity Ratio	Liabilities/ Stockholders' Equity	0.08x	0.03x
Asset to Equity Ratio	Assets/Stockholders' Equity	1.08x	1.03x
Interest Coverage Ratio	Earnings Before Interest & Taxes/Interest Expense	N/A	N/A
Gross Profit Margin	Gross Profit/Net Sales	N/A	N/A
Book Value per share	Total Assets –Total Liabilities/ Outstanding Shares	0.008	0.018
Loss per Share	Net Loss/Weighted Average Number of Shares Outstanding	(0.010)	(0.018)

	December 31, 2012	December 31, 2011
Current Ratio	1,713,736/125,124	3,565,263/119,412
Quick Ratio	1,693,736/125,124	3,545,263/119,412
Debt to Equity	125,124/1,588,612	119,412/3,445,851
Asset to Equity Ratio	1,713,736/1,588,612	3,565,263/3,445,851
Book Value/Share	1,588,612/190,000,000	3,445,851/190,000,000
Loss per Share	1,857,239/190,000,000	3,424,062/190,000,000

ADDITIONAL DISCLOSURE REQUIREMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

		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

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30-June-2013	31-Dec-2012
	Unaudited	Audited
ASSETS		
Current Assets		
Cash (Notes 4)	**₱54,853,886**	₱1,693,736
Receivables - net	**278,114,287**	–
Other current assets - net (Note 6)	**30,815,936**	20,000
Total Current Assets	**363,784,109**	₱1,713,736
Non-Current Assets		
Investments (Note 7)	**35,554,391**	–
Property and equipment – net (Note 8)	**441,329,028**	–
Total Non-Current Assets	**476,883,419**	–
Total Assets	**₱840,667,528**	₱1,713,736
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables	**₱103,862,029**	–
Accrued expenses and other payables (Note 10)	**20,231,136**	125,124
Total Current Liabilities	**124,093,165**	125,124
Non-Current Liability		
Long term liabilities (Note 11)	**38,797,376**	–
Total Liabilities	**₱162,890,541**	₱125,124
Equity Attributable to Equity Holdings of the Parent		
Capital stock (Note 12)	**690,000,000**	190,000,000
Deficit	**(170,482,256)**	(188,411,388)
	519,517,744	1,588,612
Non-controlling Interests	**158,259,243**	–
Total Equity	**677,776,987**	1,588,612
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**₱840,667,528**	₱1,713,736

See accompanying Notes to Consolidated Financial Statements.

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY
INTERIM CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Six Months Ended June 30	
	2013	2012
INCOME		
Service Income	**104,837,208**	-
Interest Income	**75,106**	52,583
	104,912,314	52,583
COST OF SERVICES	**51,098,801**	-
OPERATING EXPENSES (Notes 14)	**15,638,262**	929,309
	66,737,063	929,309
INCOME (LOSS) BEFORE INCOME TAX	**38,175,251**	(876,726)
PROVISION FOR INCOME TAX	**12,785,585**	10,517
NET INCOME (LOSS)	**₱25,389,666**	(₱887,243)
Attributable to:		
Equity holdings of the parent	**17,929,131**	(887,243)
Non-controlling interests	**7,460,535**	-
	25,389,666	(887,243)
Earnings (Loss) Per Share - basic, net income attributable to equity holdings of the parent*	**₱0.02598**	**(₱0.0047)**

* Based on the outstanding shares of 690,000,000 in 2013 and 190,000,000 in 2012.

See accompanying Notes to Consolidated Financial Statements.

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY

INTERIM CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Quarters Ended June 30	
	2013	2012
INCOME		
Service Income	**79,372,289**	-
Other Income	**53,473**	24,680
	79,425,762	24,680
COST OF SERVICES	**39,605,002**	-
OPERATING EXPENSES (Notes 14)	**13,205,438**	604,535
	52,810,440	604,535
INCOME (LOSS) BEFORE INCOME TAX	**26,615,322**	(579,854)
PROVISION FOR INCOME TAX	**9,195,006**	4,936
NET INCOME (LOSS)	**₱17,420,316**	(₱584,790)
Attributable to:		
Equity holdings of the parent	**12,051,761**	(584,790)
Non-controlling interests	**5,368,555**	-
	17,420,316	(584,790)
Earnings (Loss) Per Share - basic, net income attributable to equity holdings of the parent*	**₱0.0175**	**(₱0.0031)**

*Based on the outstanding shares of 690,000,000 in 2013 and 190,000,000 in 2012.

See accompanying Notes to Consolidated Financial Statements.

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Six Months Ended June 30	
	2013	2012
NET INCOME (LOSS)	**25,389,666**	(₱887,243)
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized fair value gains on available-for-sale financial assets	–	
TOTAL COMPREHENSIVE LOSS	**₱25,389,666**	(₱887,243)
Attributable to:		
Equity holdings of the parent	**17,929,131**	(887,243)
Non-controlling interests	**7,460,535**	-
	25,389,666	(887,243)

See accompanying Notes to Consolidated Financial Statements.

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Quarters Ended June 30	
	2013	2012
NET INCOME (LOSS)	**17,420,316**	(₱584,790)
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized fair value gains on available-for-sale financial assets	–	
TOTAL COMPREHENSIVE LOSS	**₱17,420,316**	(₱584,790)
Attributable to:		
Equity holdings of the parent	**12,051,761**	(584,790)
Non-controlling interests	**5,368,555**	-
	17,420,316	(584,790)

See accompanying Notes to Consolidated Financial Statements.

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 8)	**Subscribed Capital Stock** (Note 8)	**Revaluation Reserve on Available-for-Sale Financial Assets** (Note 5)	**Retained Earnings/Deficit**	**Total**	**Non-controlling Interests**	**Total Equity**
At January 1, 2011	₱190,000,000	₱–	₱63,133	(₱183,130,087)	₱6,933,046		₱6,933,046
Net loss	–	–	–	(3,424,062)	(3,424,062)		(3,424,062)
Other comprehensive loss			(63,133)	-	(63,133)		(63,133)
At December 31, 2011	₱190,000,000	₱–	₱–	(₱186,554,149)	₱3,445,851		₱3,445,851
At January 1, 2012	₱190,000,000	₱–	₱–	(₱186,554,149)	3,445,851		₱3,445,851
Net loss for the six months period	–	–	–	(887,243)	(887,243)		(887,243)
At June 30, 2012	₱190,000,000	₱–	₱–	(₱187,441,392)	₱2,558,608		₱2,558,608
At January 1, 2013	₱190,000,000	₱–	₱–	(₱188,411,387)	₱1,588,613	₱66,498,066	₱68,086,679
Subscription of shares	500,000,000		–	–	500,000,000	70,000,000	570,000,000
Net income for the six months period	–	–	–	17,929,131	17,929,131	21,761,177	39,690,308
At June 30, 2013	₱690,000,000	₱	₱–	(₱170,482,256)	₱519,517,744	₱158,259,243	₱677,776,987

See accompanying Notes to Consolidated Financial Statements.

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 8)	**Subscribed Capital Stock** (Note 8)	**Revaluation Reserve on Available-for-Sale Financial Assets** (Note 5)	**Retained Earnings/Deficit**	**Total**	**Non-controlling Interests**	**Total Equity**
At January 1, 2011	₱190,000,000	₱–	₱63,133	(₱183,130,087)	₱6,933,046		₱6,933,046
Net loss	–	–	–	(3,424,062)	(3,424,062)		(3,424,062)
Other comprehensive loss			(63,133)	-	(63,133)		(63,133)
At December 31, 2011	₱190,000,000	₱–	₱–	(₱186,554,149)	₱3,445,851		₱3,445,851
At March 31, 2012	₱190,000,000	₱–	₱–	(₱186,856,602)	3,143,398		₱3,134,398
Net loss for the quarter	–	–	–	(584,790)	(584,790)		(584,790)
At June 30, 2012	₱190,000,000	₱–	₱–	(₱187,441,392)	₱2,558,608		₱2,558,608
At March 31, 2013	₱190,000,000	₱–	₱–	(₱182,534,017)	₱7,465,983	₱82,890,688	₱90,356,671
Subscription of shares	500,000,000		–	–	500,000,000	70,000,000	570,000,000
Net income for the quarter	–	–	–	12,051,761	12,051,761	5,368,555	17,420,316
At June 30, 2013	₱690,000,000	₱	₱–	(₱170,482,256)	₱519,517,744	₱158,259,243	₱677,776,987

See accompanying Notes to Consolidated Financial Statements

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss) before income tax	**₱38,175,251**	(₱876,726)
Adjustments for:		
Depreciation and amortization	**14,152,660**	
Interest income	**(44,998)**	(52,583)
Operating loss before changes in working capital	**52,282,912**	(929,309)
Changes in operating assets and liabilities		
Increase in prepaid and other current assets	**(194,050)**	(193,557)
Increase (decrease) in accrued expenses and other payables	**(118,212)**	(113,594)
Net cash used in operations	**51,970,650**	(1,236,461)
Interest received	**44,998**	52,583
Income tax paid	**(9,000)**	(10,517)
Net cash used in operating activities	**52,006,648**	(1,194,395)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition through business combination of a subsidiary-net of cash acquired	**1,153,502**	–
Net cash provided by investing activities	**1,153,502**	–
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposit for future stock subscriptions	**-**	
Net cash provided by financing activities	**-**	–
NET INCREASE (DECREASE) IN CASH	**53,160,150**	(1,194,395)
CASH AT BEGINNING OF PERIOD	**1,693,736**	3,545,263
CASH AT END OF PERIOD (Note 4)	**₱54,853,886**	₱2,350,868

See accompanying Notes to Consolidated Financial Statements.

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Quarters Ended June 30	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss) before income tax	**₱26,615,322**	(₱579,854)
Adjustments for:		
Depreciation and amortization	**10,655,739**	
Interest income	**(23,365)**	(24,680)
Operating loss before changes in working capital	**37,247,696**	(604,534)
Decrease (increase) in assets:		
Increase in prepaid and other current assets	**(5,724,337)**	24,449
Increase (decrease) in accrued expenses and other payables	**(23,552,190)**	(114,595)
Net cash used in operations	**7,971,169**	(694,680)
Interest received	**23,365**	24,680
Income tax paid	**(4,673)**	(4,936)
Net cash used in operating activities	**7,989,860**	(674,936)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	**(5,949,353)**	–
Investments	**-**	–
Net cash used in operating activities	**(5,949,353)**	–
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long term debt	**(15,088,394)**	–
Net cash provided by financing activities	**(15,088,394)**	–
NET INCREASE (DECREASE) IN CASH	**(13,047,887)**	(674,936)
CASH AT BEGINNING OF PERIOD	**67,901,773**	3,025,804
CASH AT END OF PERIOD (Note 4)	**₱54,853,886**	₱2,350,868

See accompanying Notes to Consolidated Financial Statements.

MINERALES INDUSTRIAS CORPORATION

PARENT COMPANY INTERIM STATEMENTS OF FINANCIAL POSITION

	30-June-13	31-Dec-12
	Unaudited	Audited
ASSETS		
Current Assets		
Cash	**₱34,429,000**	₱1,693,736
Investments in subsidiary	**615,000,000**	–
Other current assets – net	**214,051**	20,000
Total Assets	**₱649,643,051**	1,713,736
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liability		
Subscription payable	**₱152,500,000**	-
Accrued expenses and other payables	**6,912**	₱125,124
Total Liabilities	**152,506,912**	125,124
Stockholders' Equity		
Capital stock	**690,000,000**	190,000,000
Deficit	**(192,863,861)**	(188,411,388)
Total Stockholders' Equity	**497,136,139**	1,588,612
	₱649,643,051	₱1,713,736

MINERALES INDUSTRIAS CORPORATION

PARENT COMPANY INTERIM STATEMENTS OF INCOME

(Unaudited)

	Six Months Ended June 30	
	2013	2012
INCOME		
Interest	**₱44,998**	₱52,583
	44,998	52,583
EXPENSES		
Taxes and licenses	**2,565,591**	8,219
Listing/Maintenance fee	**1,145,510**	130,050
Professional fees	**205,452**	277,111
Salaries and wages	**229,000**	194,000
Directors' per diem	**80,000**	80,000
Utilities (Note 10)	**90,000**	90,000
Entertainment, amusement and recreation	**50,638**	70,947
Office supplies and printing costs	**49,332**	38,867
Advertising	**22,275**	-
Postage & telegram	**13,163**	8,949
Transportation	**20,321**	17,105
Miscellaneous	**17,190**	14,061
	4,488,472	929,309
NET INCOME/ (LOSS) BEFORE INCOME TAX	**(4,443,474)**	(876,726)
PROVISION FOR FINAL TAX	**9,000**	10,517
NET INCOME/ (LOSS)	**(₱4,452,474)**	(₱887,243)
Basic/Diluted Loss Per Share (Note 11)	**₱0.0065**	₱0.0047

MINERALES INDUSTRIAS CORPORATION

PARENT COMPANY INTERIM STATEMENTS OF INCOME

	Quarters Ended June 30	
	2013	2012
INCOME		
Interest	**₱23,365**	₱24,680
	23,365	24,680
EXPENSES		
Taxes and licenses	**2,556,250**	8,949
Listing/maintenance fee	**1,083,010**	62,500
Professional fees	**152,433**	220,326
Salaries and wages	**122,000**	102,000
Directors' per diem	**80,000**	80,000
Utilities (Note 10)	**45,000**	45,000
Entertainment, amusement and recreation	**10,500**	38,085
Office supplies and printing costs	**10,181**	33,119
Advertising	**-**	-
Postage & telegram	**-**	-
Transportation	**8,550**	8,387
Miscellaneous	**4,670**	6,169
	4,072,594	604,535
NET INCOME/ (LOSS) BEFORE INCOME TAX	**(4,049,229)**	(579,854)
PROVISION FOR FINAL TAX	**4,673**	4,936
NET INCOME/ (LOSS)	**(₱4,053,902)**	(₱584,790)
Basic/Diluted Loss Per Share (Note 11)	**₱0.0059**	₱0.0031

MINERALES INDUSTRIAS CORPORATION

PARENT COMPANY INTERIM STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Six Months Ended June 30	
	2013	2012
NET LOSS	**(₱4,452,474)**	(₱887,243)
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized fair value gains on available-for-sale financial assets	–	
TOTAL COMPREHENSIVE LOSS	**(₱4,452,474)**	(₱887,243)

MINERALES INDUSTRIAS CORPORATION

PARENT COMPANY INTERIM STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Quarters Ended June 30	
	2013	2012
NET LOSS	**(₱4,053,902)**	(₱584,790)
OTHER COMPREHENSIVE INCOME (LOSS) (Note 5)		
Unrealized fair value gains on available-for-sale financial assets	–	
TOTAL COMPREHENSIVE LOSS	**(₱4,053,902)**	(₱584,790)

MINERALES INDUSTRIAS CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

	Six Months Ended June 30	
	2013	2012
CAPITAL STOCK – P1 par value		
Authorized – 740,000,000 shares		
Issued – 690,000,000 shares	**₱690,000,000**	₱190,000,000
DEFICIT		
Balance at beginning of period	**(188,411,387)**	(186,554,148)
Net income (loss) for the quarter	**(4,452,474)**	(887,243)
Balance at end of period	**(192,863,861)**	(187,441,392)
	₱497,136,139	₱2,558,608

MINERALES INDUSTRIAS CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

	Quarters Ended June 30	
	2013	2012
CAPITAL STOCK – P1 par value		
Authorized – 740,000,000 shares		
Issued – 690,000,000 shares	**₱690,000,000**	(₱190,000,000)
DEFICIT		
Balance at beginning of period	**(188,809,959)**	(186,856,602)
Net income (loss) for the quarter	**(4,053,902)**	(584,790)
Balance at end of period	**(192,863,861)**	(187,441,392)
	₱497,136,139	₱2,558,608

MINERALES INDUSTRIAS CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(Unaudited)

	Six Months Ended June 30	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income/ (Loss) before income tax	**(₱4,443,474)**	(₱876,726)
Adjustments for:		
Interest income	**(44,998)**	(52,583)
Operating loss before changes in working capital	**(4,488,472)**	(929,310)
Changes in operating assets and liabilities		
Increase in prepaid and other current assets	**(194,050)**	(193,557)
Increase in subscription payable	**152,500,000**	
Decrease in accrued expenses and other payables	**(118,212)**	(113,594)
Net cash used in operations	**147,699,266**	(1,236,461)
Interest received	**44,998**	52,583
Income tax paid	**(9,000)**	(10,517)
Net cash used in operating activities	**147,735,264**	(1,194,395)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in subsidiary	**(615,000,000)**	–
Net cash provided by investing activities	**(615,000,000)**	–
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposits for future stock subscriptions	**500,000,000**	–
Net cash provided by financing activities	**500,000,000**	–
NET INCREASE (DECREASE) IN CASH	**32,735,264**	(1,194,395)
CASH AT BEGINNING OF PERIOD	**1,693,736**	3,545,263
CASH AT END OF PERIOD	**₱34,429,000**	₱2,350,868

MINERALES INDUSTRIAS CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(Unaudited)

	Quarters Ended June 30	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income/ (Loss) before income tax	**(₱4,049,229)**	(₱579,854)
Adjustments for:		
Interest income	**(23,365)**	(24,680)
Operating loss before changes in working capital	**(4,072,594)**	(604,534)
Changes in operating assets and liabilities		
Decrease in prepaid and other current assets	**39,365**	24,449
Decrease in accrued expenses and other payables	**(107,906)**	(114,595)
Net cash used in operations	**(4,141,135)**	(694,680)
Interest received	**23,365**	24,680
Income tax paid	**(4,673)**	(4,936)
Net cash used in operating activities	**(4,122,443)**	(674,936)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in subsidiary	**-**	–
Net cash provided by investing activities	**-**	–
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposits for future stock subscriptions		–
Net cash provided by financing activities		–
NET INCREASE (DECREASE) IN CASH	**(4,122,443)**	(674,936)
CASH AT BEGINNING OF PERIOD	**38,551,443**	3,025,804
CASH AT END OF PERIOD	**₱34,429,000**	₱2,350,868

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Minerales Industrias Corporation (the "Company") was incorporated on August 31, 1995. As approved by the stockholders in a special meeting on February 8, 2013, its primary purpose reverted to that of a holding company, that is, is to engage in the business of investment by way of purchase or acquisition of and to own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose real and personal property of every kind and description including any share or shares, bonds, debentures, notes, evidences of indebtedness, voting trust certificates, mortgages, trust receipts, certificates of interest, other securities, contracts or obligations of any corporation or corporations, association or associations, partnership, banks and business entities, domestic or foreign.

Its subsidiary, Basic Environmental Systems and Technologies, Inc. ("BEST") was organized on September 15, 1999, to engage in the contracting and consulting business for waste management, public cleansing and general hygiene to provide comprehensive waste disposal services, including but not limited to providing technology and operation of transfer stations, landfills and other facilities, cleaning conservancy and desalting services, and to collect, remove, transport, store, and dispose dispense of any scrap, refuse, waste or sewage, whether industrial or domestic, including chemical residues, organic or inorganic, toxic or non-toxic and to recover, remanufacture, and market or turn to account sell deal in/or otherwise dispose of chemical and other substances that may be dealt in connection with the business of waste disposal services.

The Company and its subsidiary operating businesses are organized and managed separately according to the nature of the products or services offered.

On February 8, 2013, the stockholders of the Company representing at least two-thirds of the outstanding capital stock approved the subscription by the following within the IPM group of companies or any of their designees/nominees to a total of 500,000,000 shares out of the ₱500,000,000 increase in the authorized capital stock of the Company previously approved by the shareholders, at a total subscription price of ₱500,000,000, payable in cash: (a) IPM Construction and Development Corporation, ₱ 350,000,000; (ii) IPM Environmental Services, Inc., ₱100,000,000; and (b) IPM Realty and Development Corporation, ₱50,000,000. On the same date, the stockholders approved the amendment of the primary purpose of the Company to enable the Company to revert to being a holding company and give it more flexibility in looking for suitable investments. The stockholders also approved the acquisition by the Company of a 75% equity interest in BEST.

On February 11, 2013 and February 12, 2013, the Company received ₱50,000,000 and ₱450,000,000, respectively, as deposits for the said subscription to the proposed increase in the authorized capital stock of the Company.

On March 4, 2013, the Company acquired shares in BEST and subscription rights from various stockholders of BEST amounting to ₱450,000,000 and ₱12,500,000, respectively, which resulted in the Company obtaining 75% interest in BEST, thereby treating BEST as its subsidiary starting March 4, 2013. Subsidiary is consolidated from the date of acquisition.

On June 11, 2013, The Securities and Exchange Commission approved the Corporation's increase in authorized capital stock from Php 240,000,000 to Php 740,000,000 divided into 740,000,000 shares with a par value of Php 1.00 each share.

The consolidated financial statements include the financial statements of the Company and its subsidiary.

2. Summary of Significant Accounting Policies

Basis of Preparation
The accompanying consolidated financial statements have been prepared on a historical basis. These Consolidated 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 consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). Securities Regulation Code 68, As Amended (2011) (SRC Rule 68) requires entities covered by part II of SRC Rule 68 to prepare financial statements in accordance with PFRS.

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial years except for the adoption of the following new and amended PFRS and Philippine Accounting Standards (PAS) which became effective beginning January 1, 2012.

Amendments to PFRS 7, *Financial Instruments: Disclosures - Transfers of Financial Assets*
The amendments require additional disclosures about financial assets that have been transferred but not derecognized to enhance the understanding of the relationship between those assets that have not been derecognized and their associated liabilities. In addition, the amendments require disclosures about continuing involvement in derecognized assets to enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets. The amendments have no impact on the Company's financial position or performance since the Company does not engage in these types of transfers of financial assets.

Amendments to PAS 12, *Income Taxes - Deferred Tax: Recovery of Underlying Assets*
This amendment to PAS 12 clarifies the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that the carrying amount of investment property measured using the fair value model in PAS 40, *Investment Property*, will be recovered through sale and, accordingly, requires that any related deferred tax should be measured on a 'sale' basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time ('use' basis), rather than through sale. Furthermore, the amendment introduces the requirement that deferred tax on non-depreciable assets measured using the revaluation model in PAS 16, *Property, Plant and Equipment*, always be measured on a sale basis of the asset. The amendment did not have an impact on the Company's financial position or performance since the Company has no investment property and property and equipment.

Future Changes in Accounting Policies
The Company will adopt the following new and amended standards and interpretations enumerated below when these become effective.

Effective 2013
Amendments to PFRS 7, *Financial instruments: Disclosures - Offsetting Financial Assets and Financial*

Liabilities
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 set off 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 set-off 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 amendments are to be applied retrospectively. The amendments will not have significant impact on the Company's financial position or performance.

PFRS 10, *Consolidated Financial Statements*
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 that were in PAS 27. The adoption of this standard will have a significant impact on the Company's financial position and performance as a result of the Company's acquisition of 75% interest in BEST in 2013. As such, BEST will be accounted for as a subsidiary starting 2013 under PFRS 10.

PFRS 11, *Joint Arrangements*
PFRS 11 replaces PAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly-controlled Entities - Non-monetary Contributions by Venturers*. PFRS 11 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. The adoption of this standard will not have a significant impact on the Company's financial position or performance since Company has not entered into any joint arrangements.

PFRS 12, *Disclosure of Interests with Other Entities*
PFRS 12 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, *Investments in Associates*. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The adoption of this standard affects disclosure only as a result of the Company's acquisition of 75% interest in BEST and will have no significant impact on the Company's financial position and performance.

PFRS 13, *Fair Value Measurement*
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. This standard should be applied prospectively as of the beginning of the annual period in which it is initially applied. Its disclosure requirements need not be applied in comparative information provided for periods before initial application of PFRS 13. The adoption of this standard will not have a significant impact on its financial

position and performance since the Company has no more assets or liabilities carried at fair value as of June 30, 2013 and 2012.

Amendments to PFRS 1, Government Loans
Amendment to PFRS 1 requires a first-time adopter to apply this requirement prospectively to government loans existing at the date of transition to PFRS. The adoption of the amended standard will not have any impact on the Company's financial statement since the Company has no government loans.

Amendments to PAS 1, *Financial Statement Presentation, Presentation of Items of Other Comprehensive Income (OCI)*
The amendments to PAS 1 changed 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 will not have an impact on the Company's financial position or performance since the Company has no items of OCI as of June 30, 2013.

Amendments to PAS 19, *Employee Benefits*
Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The revised standard also requires new disclosures such as, among others, a sensitivity analysis for each significant actuarial assumption, information on asset-liability matching strategies, duration of the defined benefit obligation, and disaggregation of plan assets by nature and risk. The adoption of this standard will have no impact on its financial position or performance since the Company has no retirement fund or retirement obligation.

PAS 27 (Revised), *Separate Financial Statements*
As a consequence of the new PFRS 10 and PFRS 12, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The adoption of this standard affects disclosure only as a result of the Company's acquisition of 75% interest in BEST and will have no significant impact on the Company's financial position and performance.

PAS 28 (Revised), *Investments in Associates and Joint Ventures*
As a consequence of the new PFRS 11, 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. The adoption of the amended PAS 28 will not have an impact on the Company's financial statements since the Company has no investment in associates and joint ventures.

Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*
This interpretation applies to waste removal costs ("stripping costs") that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). If the benefit from the stripping activity will be realized in the current period, an entity is required to account for the stripping activity costs as part of the cost of inventory. When the benefit is the improved access to ore, the entity should recognize these costs as a noncurrent asset, only if certain criteria are met ("stripping activity asset"). The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset. After initial recognition, the stripping activity asset is carried at its cost or revalued amount less depreciation or amortization and less impairment losses, in the same way as the existing asset of which it is a part. The Company expects that this interpretation will not have any impact on its financial position or performance since the Company is not involved in mining activities.

Annual Improvements to PFRSs (2009-2011 cycle)
The Annual Improvements to PFRSs (2009-2011 cycle) contain non-urgent but necessary amendments to PFRSs. The amendments are effective for annual periods beginning on or after January 1, 2013 and are applied retrospectively. Earlier application is permitted.

PFRS 1, *First-time Adoption of PFRS - Borrowing Costs*
The amendment clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, *Borrowing Costs*. The amendment does not apply to the Company as it is not a first-time adopter of PFRS.

PAS 1, *Presentation of Financial Statements - Clarification of the Requirements for Comparative Information*
The amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendment will not have significant impact on the Company's financial statements since the Company's information disclosures are already in accordance with the requirement of PAS 1.

PAS 16, *Property, Plant and Equipment - Classification of Servicing Equipment*
The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise. The amendment will not have any impact on the Company's financial position or performance since the Company does not have this type of equipment.

PAS 32, *Financial Instruments: Presentation - Tax Effect of Distribution to Holders of Equity Instruments*
The amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, *Income Taxes*. The Company will assess the impact of this amendment when they undergo certain transactions involving equity distributions to equity holders.

PAS 34, *Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities*
The amendment clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entity's previous annual financial statements for that reportable segment. The amendment will not have significant impact on the Company's financial statements since disclosures on interim reports and segment information are consistent of the improvements.

Effective 2014
Amendments to PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
The amendments to PAS 32 clarify the meaning of "currently has a legally enforceable right to set-off and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments will have no impact in the Company's financial position or performance since the Company does not offset its financial instruments.

Effective 2015

PFRS 9, *Financial Instruments: Classification and Measurement*

PFRS 9, as issued, reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have no impact on the measurement of the Company's financial assets and liabilities since these financial instruments are carried at amortized cost.

Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*

This Philippine Interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. This Philippine 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. Adoption of the interpretation when it becomes effective will not have an impact on the Company's financial statements since the Company is not involved in the construction or real estate.

<u>Cash</u>

Cash includes cash on hand and deposits held on demand with banks and are carried in the statement of financial position at nominal amount.

<u>Financial Instruments</u>

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, available-for-sale (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 recognized initially at fair value of the consideration given. The fair values of the consideration given are determined by reference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for similar instruments with similar maturities. The initial measurement of financial instruments, except for those designated at FVPL, includes transaction costs.

As of June 30, 2013 and December 31, 2012, the Company has no financial assets and liabilities at FVPL, AFS financial assets and HTM investments. In 2011, the Company already disposed all of its AFS financial assets.

Determination of fair value
The fair values for financial instruments traded in active markets at the 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. Any difference noted between the fair value and the transaction price is treated as expense or income, unless it qualifies for recognition as some type of asset or liability.

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; and
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 difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value ('Day 1' profit or loss) in the statement of income 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 the statement of income 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 or loss 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 designated as AFS financial assets or financial assets at FVPL.

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. This accounting policy relates to the statement of financial position caption "Cash" and "Receivables".

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The initial cost comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset will flow to the company. All other subsequent expenditures are recognized as expense in the period in which those incurred.

Major spare parts and stand by equipment qualify as property and equipment when the Company expects to use them for more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property and equipment, they are accounted for as property and equipment.

The carrying value is written down immediately to its recoverable amount. The estimated useful life is reviewed and adjusted when appropriate.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the property, plant and equipment as follows:

Leasehold Improvements	Approx. 5 years
Transportation Equipment	Approx. 5 to 10 years
Office Equipment	Approx. 2 to 5 years
Development Costs	Approx. 5 to 15 years

The useful life of each of the company's item of property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of similar businesses, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expense brought by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property, plant and equipment would increase the recorded depreciation expenses and decrease the carrying value of the property, plant and equipment.

When assets are sold, retired or disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to current operations.

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 reported as "Revaluation reserve on available-for-sale financial assets" in the equity portion of the statement of financial position.

When the security is disposed of, the cumulative gain or loss previously recognized in other comprehensive income is reported as "Gain (loss) on sale of AFS financial assets" in the statement of income. 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 contain 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).

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.

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

<u>Impairment of Financial Assets</u>

The Company assesses at each 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 on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial assets' original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss shall be recognized in company statement of income during the period in which it arises.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the company statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

In relation to loans and receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of an allowance account. Impaired loans and receivables are derecognized when they are assessed as uncollectible.

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 the statement of income. Impairment losses on equity securities are not reversed through the statement of income. Increases in fair value after impairment are recognized in other comprehensive income.

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.

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.

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.

Recognition of deferred tax assets

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.

4. **Cash**

This account consists of:

	June 30, 2013	December 31, 2012
Cash on hand	**₱5,000**	₱5,000
Cash in bank	**54,848,886**	1,688,736
	₱54,853,886	₱1,693,736

Cash in Bank earns interest at the prevailing bank deposit rates. Interest earned on cash in bank amounted to ₱75,106 and ₱86,475 in June 30, 2013 and December 31, 2012, respectively.

5. **Receivables**

	June 30, 2013	December 31, 2012
Receivables	**₱278,114,287**	-

No provision for doubtful accounts was made on the booked receivables as they are all current in status and management believes that all the accounts can be collected within a reasonable time.

6. **Other Current Assets**

This account consists of:

	June 30, 2013	December 31, 2012
Prepaid taxes	**₱**	₱1,976,300
Creditable withholding tax		1,137,430
Input VAT	**869,224**	942,856
Prepaid expenses	**29,946,712**	20,000
	30,815,936	4,076,586
Less allowance for impairment losses	**-**	4,056,586
	₱30,815,936	₱20,000

These are recorded at historical costs. Input taxes are prepayments made to the Bureau of Internal Revenue which can be claimed against the output tax liability of the Company in succeeding periods.

The Company provided an allowance on its prepaid taxes, creditable withholding tax and input VAT amounting to ₱4.06 million as of December 31, 2012 due to low probability that these assets may be utilized in the future.

7. **Investments**

	June 30, 2013	December 31, 2012
Investment in stocks	**₱31,999,900**	**₱-**
Investment in long term time deposit	**3,554,491**	
Total	**₱35,554,391**	**₱-**

The investment in stocks is the equity investment of the Company in Metro Clark Waste Management Corporation ("MCWMC"), consisting of 319,999 common shares with par value of P100 per share. This investment represents 15.99% of the total paid up capital of MCMWC. Investment in long term deposits are long term bonds acquired from Government Service Insurance System.

8. Property and Equipment-net

The movement of property and equipment as of June 30, 2013 are as follows:

	Leasehold Improvements	Transportation Equipment	Office Equipment	Development Cost- Payatas	Development Cost- Morong	Condo Unit	Land	Total
Beginning	1,282,118	97,760,813	1,610,464	102,427,451	53,710,018	74,000,000	115,252,700	446,043,564
Add : New Acquisition	10,549	5,900,000	14,418	26,786				5,951,752
Total	1,292,667	103,660,813	1,624,882	102,454,237	53,710,018	74,000,000	115,252,700	451,995,316
Less: Accumulated Depreciation	43,181	3,484,889	78,437	7,059,781				10,666,288
Net Book Value 2013	1,249,486	110,175,924	1,546,445	95,394,456	53,710,018	74,000,000	115,252,700	441,329,028

Land is not subject to depreciation since it is not a depreciable asset. These are properties of the company without restrictions and without pledge as security for its liabilities.

9. Trade and Other Payables

	June 30, 2013	December 31, 2012
Trade and other payables	**₱103,862,029**	**₱-**

Trade and others payables consist of cash deposits or advances made by clients of BEST against future delivery of agreed services, as well as payables to trade suppliers in the ordinary course of business.

10. Accrued Expenses and Other Payables

Details of Accrued Expenses and Other Payables are as follows:

	June 30, 2013	December 31, 2012
Income tax payable	**₱9,599,368**	
Output Vat	**6,249,154**	
Accounts payable-ESI	**2,279,908**	
Accrued expenses	**1,954,543**	114,356
SSS Contribution payable	**58,729**	500
Pag-ibig payable	**3,200**	100
PHIC payable	**13,950**	250
SSS loans payable	**3,948**	
Pag-ibig loan payable	**4,467**	
Withholding tax wages	**10,802**	9,918
Withholding tax source	**53,067**	
Total	**₱20,231,136**	125,124

11. Long-term Liabilities

	June 30, 2013	December 31, 2012
Long Term Liabilities	**₱38,797,376**	**₱-**

These long term liabilities are non-interest bearing, unsecured and with no fix term of repayment and represent the balance of advances extended by stockholders and used in the Company's business operations.

12. Equity

Capital Stock
The authorized capital stock of the Company follows:

	June 30, 2013	December 31, 2012
Common stock, ₱1 par value		
740,000,000 authorized shares	**₱740,000,000**	₱240,000,000
Number of shares issued and outstanding, at the beginning and at the end of the quarter	**690,000,000**	190,000,000

On February 8, 2013, the stockholders of the Company representing at least two thirds of the outstanding capital stock approved the subscription by the following within the IPM group of companies or any of their designees/nominees to a total of 500,000,000 shares out of the ₱500,000,000 increase in the authorized capital stock of the Company previously approved by the shareholders, at a total subscription price of ₱500,000,000, payable in cash: (a) IPM Construction and Development Corporation, ₱ 350,000,000; (ii) IPM Environmental Services, Inc., ₱100,000,000; and (b) IPM Realty and Development Corporation, ₱50,000,000. On the same date, the stockholders approved the amendment of the primary purpose of the Company to enable the Company to revert to being a holding company and give it more flexibility in looking for suitable investments.

On February 11, 2013 and February 12, 2013, the Company received ₱50,000,000 and ₱450,000,000, respectively, as deposits for the said subscription to the proposed increase in the authorized capital stock of the Company.

On June 11, 2013, the Securities and Exchange Commission approved the Corporation's increase in authorized capital stock from ₱240,000,000 to ₱740,000,000 divided into 740,000,000 shares with a par value of ₱1.00 each share.

13. Related Party Transaction

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) parties owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company; (b) associates; and (c) individual owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individuals.

The consolidated statements of financial position include the following amounts resulting from transactions between the subsidiary and related parties:

	June 30, 2013	December 31, 2012
Due from related parties:		
IPM Environmental Services, Inc		
	₱	**₱-**
Due to related parties:		
IPM Construction and Development	**38,797,376**	**₱-**
	₱38,797,376	

The consolidated statements of income include the following amounts resulting from the related party transactions:

		June 30, 2013	June 30, 2012
Service Income:			
IPM Construction	Composting/Waste Process	**₱2,000,000**	₱
IPM Environmental Services Inc.	Consultancy/Field Services	**85,689,248**	-
		₱87,689,248	₱
Operating Expenses			
GNCA Holdings	Utilities	**₱90,000**	₱90,000
		₱90,000	₱90,000

The ₱38.80 million represents advances from IPM Construction based on non-interest bearing, no collateral and no fix term repayment schemes.

The Company entered into an agreement with 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, in lieu of its proportionate share in monthly rentals on the leased premises.

14. Operating expenses

The breakdown of operating expenses is as follows:

	Six Months Ended June 30	
	2013	2012
Taxes & Licenses	**5,820,069**	8,219
Depreciation and amortization	**2,737,705**	-
Personal cost	**2,499,409**	-
Miscellaneous	**1,828,079**	14,061
Stock exchange listing fee	**1,145,510**	130,050
Utilities	**654,931**	90,000
Salaries & Wages	**229,000**	194,000
Professional fee	**205,452**	277,111
Office/Engr Supplies	**170,995**	38,867
Communication	**141,453**	8,949
Directors' per diem	**80,000**	80,000
Representation	**73,447**	70,947
Transportation & Travel	**29,937**	17,105
Advertising	**22,275**	-
	15,638,262	929,309

	Quarters Ended June 30	
	2013	2012
Taxes & Licenses	**5,759,328**	
Depreciation and amortization	**2,094,522**	-
Personal cost	**1,902,812**	-
Miscellaneous	**1,385,589**	6,169
Stock exchange listing fee	**1,083,010**	62,500
Utilities	**415,237**	45,000
Salaries & Wages	**122,000**	102,000
Professional fee	**152,433**	220,326
Office/Engr Supplies	**85,063**	33,119
Communication	**98,236**	8,949
Directors' per diem	**80,000**	80,000
Representation	**10,500**	38,085
Transportation & Travel	**16,708**	8,387
Advertising	**-**	
	13,205,438	604,535

15. Earnings/(Loss) per Share

Earnings/(Loss) per share were computed as follows:

	Six Months Ended June 30	
	2013	**2012**
Net Income (Loss) (a)*	**₱17,929,131**	(₱887,243)
Weighted average number of outstanding common share (b)	**690,000,000**	190,000,000
Earnings/(Loss) per share (a/b)	**₱0.02598**	(₱0.0047)

	Quarters Ended June 30	
	2013	**2012**
Net Income (Loss) (a)*	**₱12,051,761**	(₱887,243)
Weighted average number of outstanding common share (b)	**690,000,000**	190,000,000
Earnings/(Loss) per share (a/b)	**₱0.0175**	(₱0.0047)

*Net income attributable to the equity holdings of the parent.

16. Financial Instruments

Fair Value Hierarchy

As of June 30, 2013 and December 31, 2012, the Company has no AFS financial assets. There were no transfers between Level 1 and Level 2 financial instruments, and no transfers into of Level 3 fair value instrument.

Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash 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 consolidated financial instruments only with counterparties with acceptable credit standing.

The company trades with only recognized, creditworthy third parties. Customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

Since the Company trades only with recognized third parties, there is no requirement of collateral. The table below shows the maximum exposure to credit risk for the components as of June 30, 2013 and December 31, 2012 statements of financial position activities.

	Gross Maximum Exposure	
	June 30, 2013	December 31, 2012
Cash	**₱54,853,886**	₱1,693,736
Receivable	**278,114,287**	-
Total	**₱332,968,173**	₱1,693,736

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.

Prudent liquidity risk management implies sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to dynamic nature of the underlying business, the company aims to maintain flexibility in funding by keeping committed credit lines available.

The company also ensures that there are sufficient, available and approved working capital lines that it can draw from anytime. It maintains an adequate cash and cash equivalents in the event of unforeseen interruption of its cash collections. The company also maintains accounts with several relationship banks to avoid significant concentration of cash with one institution.

Price risk
Price risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

The Company sold all its AFS financial assets during 2011, thus no significant exposure to price risk was assessed as of June 30, 2013 and December 31, 2012.

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 June 30, 2013 and December 31, 2012, the Company has a deficit of ₱170,482,256 and ₱188,411,388 respectively. In February 2013, following the receipt of capital infusion from IPM group of companies, the Company acquired 75% interest in BEST, an investment that is expected to eliminate the Company's deficit and improve its financial condition.

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY

FINANCIAL SOUNDNESS INDICATORS

FSI	Calculation	June 30, 2013	December 31, 2012
Current Ratio	Current Assets/Current Liabilities	2.93x	13.70x
Quick Ratio	Cash /Current Liabilities	2.68x	13.54x
Debt to Equity Ratio	Liabilities/ Stockholders' Equity	.31x	0.08x
Asset to Equity Ratio	Assets/Stockholders' Equity	1.62x	1.08x
Interest Coverage Ratio	Earnings Before Interest & Taxes/Interest Expense	N/A	N/A
Gross Profit Margin	Gross Profit/Revenues	.51	N/A
Book Value per share	Stockholders' Equity/ Outstanding Shares	0.753	0.008
Income (Loss) per Share	Net Income/(Loss)/Weighted Average Number of Shares Outstanding	0.026	(0.010)

**Net income attributable to equity holdings of the parent*

	June 30, 2013	December 31, 2012
Current Ratio	363,784,109/124,093,165	1,713,736/125,124
Quick Ratio	332,968,173/124,093,165	1,693,736/125,124
Debt to Equity	162,890,541/519,517,744	125,124/1,588,612
Asset to Equity Ratio	840,667,528/519,517,744	1,713,736/1,588,612
Interest Coverage Ratio	N/A	N/A
Gross Profit Margin	53,738,407/104,837,208	N/A
Book Value/Share	519,517,744/690,000,000	1,588,612/190,000,000
Income (Loss) per Share	17,929,131/690,000,000	(1,857,239)/190,000,000

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY
AGING OF RECEIVABLES
June 30, 2013

Nature/Description	current	1 to 30 days	31 to 60 days	61 to 90 days	Total
Income from Tipping Fee	530,114	558,960	(22,286)	10,552,212	11,619,001
Hauling Income	4,247,903	2,384,247	(3,732,517)	23,920,982	26,820,615
Composting / Waste Process	560,000	560,000		7,280,000	8,400,000
Consultancy / Field Services	22,571,473	4,394,117	(20,932,959)	225,242,040	231,274,671
Total	**27,909,490**	**7,897,324**	**(24,687,762)**	**266,995,234**	**278,114,287**