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)

Unit 103 Ground Flr., Prestige Tower Condominium Ortigas Jr. Ave., Ortigas Center, Pasig City

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

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

Fiscal Year (Month / Day)	FORM TYPE	Month / Day
12 / 31	SEC Form 20-IS Definitive Information Statement	Special Stockholders' Meeting October 21, 2015

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

STAMPS

Remarks: Please use BLACK ink for scanning purposes

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: 004-636-077-000

6. Address of principal office Postal Code: Unit 103, Ground Floor, Prestige Tower Condominium, F. Ortigas Jr. Avenue, Ortigas Center, Pasig 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:

   October 21, 2015, Wednesday
   3:00 P.M.
   Columbus Room, Discovery Suites
   42nd Floor, 25 ADB Avenue
   Ortigas Center, Pasig City

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **September 28, 2015**

10. In case of Proxy Solicitations:

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

    Address and Telephone No.: Unit 103, Ground Floor, Prestige Tower Condominium,
    F. Ortigas Jr. Avenue, Ortigas Center, Pasig City
    Telephone: (632) 897-5257/817-6791

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 ( )

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

MINERALES INDUSTRIAS CORPORATION
Unit 103, Ground Floor, Prestige Tower Condominium,
F. Ortigas Jr. Avenue, Ortigas Center, Pasig City

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

Dear Stockholders:

Please be notified that the special meeting of stockholders of **MINERALES INDUSTRIAS CORPORATION** (the "Corporation") will be held on October 21, 2015, Wednesday, at 3:00 p.m. at the Columbus Room, Discovery Suites, 42nd Floor, 25 ADB Avenue, Ortigas Center, Pasig City, with the following agenda:

1. Call to Order
2. Report on Attendance and Quorum
3. Amendment of Articles of Incorporation to Change the Name of the Corporation
4. Other Matters
5. Adjournment

Stockholders of record as of September 9, 2015 will be entitled to notice of, and to vote at said special meeting or any adjournment or postponement thereof.

Duly accomplished proxies should be submitted to the Corporate Secretary of the Corporation not later than Saturday, October 10, 2015. Validation of proxies shall be held on October 16, 2015, 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 2:00 p.m. and closes at 2:45 p.m.

Makati City, Metro Manila.

September 18, 2015.

For the Board of Directors:

akatigbak

Ana Maria A. Katigbak
Corporate Secretary

P R O X Y

MINERALES INDUSTRIAS CORPORATION

PROXY SOLICITED ON BEHALF OF THE MANAGEMENT OF MINERALES INDUSTRIAS CORPORATION FOR THE SPECIAL STOCKHOLDERS' MEETING TO BE HELD ON OCTOBER 21, 2015, 3:00 P.M. AT THE COLUMBUS ROOM, DISCOVERY SUITES, 42ND FLOOR, 25 ADB AVENUE, ORTIGAS CENTER, PASIG 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 October 10, 2015 at the following address:

The Corporate Secretary
Minerales Industrias Corporation
Unit 103, Ground Floor, Prestige Tower Condominium,
F. Ortigas Jr. Avenue, Ortigas Center, Pasig 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 October 16, 2015 at 10:00a.m. at the principal office of the Corporation at Unit 103, Ground Floor, Prestige Tower Condominium, F. Ortigas Jr. Avenue, Ortigas Center, Pasig 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 special stockholders meeting to be held on October 21, 2015.

(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 the matter 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 special 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. Amendment of the Corporation's Articles of Incorporation to change its corporate name from "Minerales Industrias Corporation" to "IPM Holdings, Inc.".

[ ] For [ ] Against [ ] Abstain

(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 item 1.

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.

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 "MIC" or the "Corporation") for use in connection with the special meeting of the stockholders to be held on October 21, 2015 at 3:00 P.M., at the Columbus Room, Discovery Suites, 42nd Floor, 25 ADB Avenue, Ortigas Center, Pasig City.

The date of the meeting was disclosed to the Philippine Stock Exchange ("PSE") on August 29, 2015. The Record Date of the special meeting of stockholders is on September 9, 2015 ("Record Date") which is a date ten (10) days from disclosure with PSE.

The information statement and form of proxy will be sent to the stockholders of record as of September 9, 2015 Record Date on or before September 28, 2015.

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:

Unit 103, Ground Floor, Prestige Tower Condominium, F. Ortigas Jr. Avenue, Ortigas Center, Pasig City

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

(a) As of the Record Date which is September 9, 2015, the date to determine the stockholders entitled to notice and to vote at the special meeting of stockholders on October 21, 2015, the Corporation has the following outstanding shares:

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

As of August 31, 2015, 683,257,598 common shares of the Corporation are registered under Filipinos and 6,742,402 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, 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 August 31, 2015, 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* Unit 103, G/F Prestige Tower Condominium, F. Ortigas Jr. Ave., Ortigas Center, Pasig City	All the shares of IPM Construction and Development Corporation are directly owned by its shareholders.	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	200,062,074	28.995%
Common	IPM Environmental Services, Inc.* Unit 103, G/F Prestige Tower Condominium, F. Ortigas Jr. Ave., Ortigas Center, Pasig City	All the shares of IPM Environmental Services, Inc. are directly owned by its shareholders.	Filipino	65,000,000	9.42%
Common	IPM Realty and Development Corporation* Unit 103, G/F Prestige Tower Condominium, F. Ortigas Jr. Ave., Ortigas Center, Pasig City	All the shares of IPM Realty and Development Corporation are directly owned by its shareholders.	Filipino	50,000,000	7.246%

* The Corporation has common shareholders with IPM Construction and Development Corporation, IPM Environmental Services, Inc., and IPM Realty and Development Corporation. Ms. Isabelita P. Mercado and Francis Neil P Mercado are majority shareholders of IPM Construction and Development Corporation, IPM Environmental Services, Inc., and IPM Realty and Development Corporation.

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	Abacus Securities Corporation 2904A-East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center	Filipino	52,832,593	7.657%
Common	Meridian Securities, Inc. Suite 2702 B&C Tektite Tower 1 Ortigas Centre, Pasig City	Filipino	53,218,700	7.713%

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

As of August 31, 2015, the foreign ownership level of MIC is 6,742,402 shares or equivalent to .9772%.

The respective proxies of the above shareholders are appointed by their respective Board of Directors. Identity of the natural persons authorized to vote the shares of above shareholders will be determined upon submission of the proxies no later than October 10, 2015.

(e) Security Ownership of Management

The table sets forth as of August 31, 2015, 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	Isabelita P. Mercado *Chairman and President*	1,000,000 (Direct) 500,000 (Indirect)	Filipino	0.21739%
Common	Gener T. Mendoza *Director*	1,855,000 (Direct)	Filipino	0.26884%
Common	Alfredo P. Javellana II *Independent Director*	1,000 (Direct) 179,000 (Indirect)	Filipino	0.02608%
Common	William D. Ty *Independent Director*	2,000,000 (Direct)	Filipino	0.28986%
Common	Antonio Victoriano F. Gregorio III *Director*	1,000(Direct)	Filipino	0.00014%
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

From January 1, 2015 to date, there has been no change in control of the Corporation. Neither is the Corporation aware of any arrangement, which may result in a change in control of it.

Item 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
Isabelita P. Mercado	Chairman/President	65	Filipino
Gener T. Mendoza	Director	57	Filipino
Alfredo P. Javellana II	Independent Director	69	Filipino
William D. Ty	Independent Director	70	Filipino
Antonio Victoriano F. Gregorio III	Director	41	Filipino
Francis Neil P. Mercado	Director/Treasurer	35	Filipino
Joseph Quintin Y. Lao	Director	32	Filipino

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

Name	Position	Age	Citizenship
Isabelita P. Mercado	President	65	Filipino
Francis Neil P. Mercado	Treasurer	35	Filipino
Ana Maria A. Katigbak	Corporate Secretary	46	Filipino

b. Term of office.

The term of office of the Directors and executive officers is one (1) year from their election as such until their successors are duly elected and qualified. Of the seven members of the Board, Messrs. Gener T. Mendoza, William D. Ty and Ms. Isabelita P. Mercado have been directors of the Corporation since July, 2007. Atty. Antonio F. Gregorio III has been a director since July, 2011, while Mr. Francis P. Mercado and Mr. Joseph Quintin Y. Lao have been directors since May, 2012. Atty. Alfredo P. Javellana II has been a director since July, 2012. As regards the executive officers, Ms. Isabelita P. Mercado has been President since September, 2013, Atty. Maria Ana Katigbak has been Corporate Secretary since July, 2007, and Mr. Francis Neil P. Mercado has been Treasurer since September, 2013.

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

ISABELITA P. MERCADO, 65 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.

GENER T. MENDOZA, 57 years old, is co-founder and president of GNCA Holdings, Inc. For several years now, he has served as rehabilitation receiver or assignee-in insolvency for various companies. 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.

ALFREDO P. JAVELLANA II, 69 years old, is an independent director of USB Securities Phil. 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. likewise held several other positions in the same bank prior to his appointment as CFO.

WILLIAM D. TY, 70 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, 41 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, 35 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 Metro luxury 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, 32 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, 46 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.

(e) 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. Mr. William D. Ty and Mr. Alfredo P. Javellana II's tenures as Independent Directors are still within the initial service period of five (5) years under SEC Memorandum Circular No. 9, Series of 2011.

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 Company's Revised Code of Corporate Governance.

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

Chairman:	Gener T. Mendoza
Members:	Antonio Victoriano F. Gregorio III
	Joseph Quintin Y. Lao
	William D. Ty (Independent Director)

(f) 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. and Lodestar Investments Holdings Corporation, Director of Abacus Consolidated Resources and Holdings, Inc. and Dizon Copper-Silver Mines.

(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 five (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 Company are entirely dependent on.

(j) Certain Relationships and Related Transactions

Except as disclosed in Note 15 of the audited consolidated financial statements for 2014, there were no other transactions entered into with related parties.

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 (2014 and 2013) and the ensuing fiscal year (2015), to the Company's Chief Executive Officer and other most highly compensated executive officers who are individually named, and to all other officers and directors of the Company as a group:

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Isabelita P. Mercado	2015 - Jan to Aug 31			
Chairman and President	2014 - Jan to Dec 31			
	2013 - Jan to Dec 31			
Gener T. Mendoza	2015 - Jan to Aug 31			
Director	2014 - Jan to Dec 31			
	2013 - Jan to Dec 31			
Alfredo P. Javellana II	2015 - Jan to Aug 31			
Independent Director	2014 - Jan to Dec 31			
	2013 - Jan to Dec 31			
William D. Ty	2015 - Jan to Aug 31			
Independent Director	2014 - Jan to Dec 31			
	2013 - Jan to Dec 31			
Antonio Victoriano F. Gregorio III	2015- Jan to Aug 31			
Director	2014 - Jan to Dec 31			
	2013- Jan to Dec 31			
Francis Neil P. Mercado	2015- Jan to Aug 31			
Director and Treasurer	2014- Jan to Dec 31			
	2013- Jan to Dec 31			
Joseph Quintin Y. Lao	2015- Jan to Aug 31			
Director	2014- Jan to Dec 31			
	2013- Jan to Dec 31			
TOTAL OF THE GROUP	2015	NIL		
	2014	NIL		
	2013 (estimate)	NIL		

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. was appointed as the Corporation's principal accountant for the ensuing fiscal year. In conformity 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.

(b) Ms. Jessie D. Cabaluna, audit partner of SyCip Gorres Velayo & Co. is the principal accountant of the Corporation for the fiscal year most recently completed (December 31, 2014).

(c) Representatives of SyCip Gorres Velayo & Co are expected to be present at the October 21, 2015 special 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 Company's Audit Committee is composed of the following:

Chairman:	Alfredo P. Javellana II (Independent Director)
Members:	William D. Ty (Independent Director)
	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

There are no items to be taken up with respect to authorization or issuance of securities.

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 Company's securities.

Item 11. Financial and Other Information

Financial Statements

The audited consolidated financial statements as of December 31, 2014 is attached as Annex "B-1". The Management's Discussion and Analysis, Market Price of Shares and Dividends, and other data related to the Company's financial information ("Management Report") is attached "Annex B". The interim consolidated financial statements as of June 30, 2015 in SEC Form 17-Q is likewise attached hereto as Annex "C".

Description of Business

MIC is a diversified holding company. It is 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. For a more comprehensive discussion of the history and business of MIC, please see Part IV of the Management Report attached as Annex "B".

MIC's subsidiary, BEST, is engaged in contracting and consulting business for waste management, public cleansing, sanitation and general hygiene to provide comprehensive waste disposal services.

Properties

MIC

The Corporation does not own real property. It currently leases office space at Unit 103, Ground Floor, Prestige Tower Condominium, F. Ortigas Jr. Avenue, Ortigas Center, Pasig City. The Corporation does not intend to acquire any property in the next twelve (12) months.

Subsidiary

Based on the audited financial statements of as of December 31, 2014, the Corporation's subsidiary owns the following properties and equipments: land Php115.25 million, condominium and improvements Php34.72 million, transportation and heavy equipment Php83.64 million, office furniture and fixtures Php1.85 million and development cost of Php41.04 million, totaled of Php276.50 million. The Corporation's property and equipment have no restrictions or not pledged as security for any liability, please see Notes to Consolidated Financial Statements attached as Annex "B-1".

Legal Proceedings

MIC and its subsidiary or affiliates is not a party to and none of its property is the subject of any pending litigation or legal proceeding.

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 Company.

D. <u>OTHER MATTERS</u>

Item 15. Action with respect to Reports

Summary of Items to be Submitted for Stockholders' Approval

Amendment of Articles of Incorporation to change the name of the Corporation

The Board of Directors will present for stockholders' approval the amendment of the Corporation's Articles of Incorporation to change in the name of the Corporation from "Minerales Industrias Corporation" to "IPM Holdings, Inc."

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 will present for stockholders' approval the amendment of the Corporation's Articles of Incorporation to change the name of the Corporation from "Minerales Industrias Corporation" to "IPM Holdings, Inc."

Item 18. Summary of Voting Matters/Voting Procedures

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

(1) Approval of the Amendment of the Corporation's Articles of Incorporation to change its corporate name from "Minerales Industrias Corporation" to "IPM Holdings, Inc".

(b) Voting Procedures

(1) Approval of the Amendment of the Corporation's Articles of Incorporation to change its corporate name to "IPM Holdings, Inc.".

(A) Vote required: At least 2/3 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.

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 special stockholders' meeting to be held on October 21, 2015.

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 Saturday, October 10, 2015 (not less than 10 calendar days prior to the date of the stockholders' meeting) at the following address:

The Corporate Secretary
Minerales Industrias Corporation
Unit 103, Ground Floor, Prestige Tower Condominium,
F. Ortigas Jr. Avenue, Ortigas Center, Pasig 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 October 16, 2015 at 10:00 a.m. at the principal office of the Corporation at Unit 103, Ground Floor, Prestige Tower Condominium, F. Ortigas Jr. Avenue, Ortigas Center, Pasig 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 special stockholders meeting to be held on October 21, 2015.

(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 matter 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) Amendment of the Corporation's Articles of Incorporation to change its corporate name from "Minerales Industrias Corporation" to "IPM Holdings, Inc".

☐ FOR ☐ AGAINST ☐ ABSTAIN

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 special 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 special stockholders' meeting to be held on October 21, 2015 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 special 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 SPECIALSTOCKHOLDERS' 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 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
Unit 103, Ground Floor, Prestige Tower Condominium,
F. Ortigas Jr. Avenue, Ortigas Center, Pasig City

Attention: The 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, this 18th day of September, 2015.

MINERALES INDUSTRIAS CORPORATION

By:

Ana Maria A. Katigbak
Corporate Secretary

SEC
ANNEX "A"
JUN 03 2015

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ALFREDO P. JAVELLANA II**, Filipino, of legal age, and a resident of No. 230 [illegible] 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 Philippines, Inc.	Independent Director	2009 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 ____________________ at Makati City.

ALFREDO P. JAVELLANA II
Affiant

SUBSCRIBED AND SWORN to before me this 03 JUN 2015 at ~~Makati City~~ QUEZON CITY, affiant exhibited to me his Tax Identification Number 121-522-319 issued by the Bureau of Internal Revenue.

Doc. No. 364;
Page No. 73;
Book No. 3A;
Series of 2015.

B. F. Alfonso
[illegible] ALFONSO
[illegible]
[illegible] QUEZON CITY
[illegible] QUEZON CITY
[illegible] MATTER NO. [illegible] (2015 - 2016)
TIN NO. 177937919
MCLE EXEMPTED

SEC

JUN 03 2015

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **WILLIAM D. TY**, Filipino, of legal age, with office address at 1903 SB Skyland Plaza Condominium, Buendia, Makati after having been duly sworn in accordance with law, hereby depose and state 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 & Development Corporation	Chairman & President	1986 to present
WAM Food & Development Corporation	Chairman & President	1978 to present
Wellington Investment Manufacturing Corporation	Board Member	2000 to present
Toyota Manila Bay Corporation	Board of Director	1999 to present
Organizational Change Consultants Int'l. Inc.	Director	1995 to present
Alicia Tan Ty Foundation	President	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 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 (5) days from its occurrence.

SIGNED this ____________________ at Makati City.

WILLIAM D. TY
Affiant

SUBSCRIBED AND SWORN to before me this 03 JUN 2015, at QUEZON CITY affiant exhibited to me his Tax Identification Number 109-893-370 issued by the Bureau of Internal Revenue.

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Doc. No. 73
Page No. 34
Book No. ______
Series of 2015.

ATTY. BENJAMIN F. ALFONSO
NOTARY PUBLIC
UNTIL December 31, 2016
PTR NO. 0532937-C [illegible] - QUEZON CITY
IBP NO. 975660 12-11-20[illegible] - QUEZON CITY
ROLL NO. [illegible]96
ADM. MATTER NO. NP -144 (2015 - 2016)
TIN NO. 177957619
MCLE EXEMPTED

ANNEX "B"

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY
MANAGEMENT REPORT
Pursuant to SRC Rule 20 (4)

I. INCORPORATED HEREIN ARE THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY FOR THE YEAR ENDED DECEMBER 31, 2014 WITH THE CORRESPONDING STATEMENT OF MANAGEMENT RESPONSIBILITY AND THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2015.

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

The Company's subsidiary, Basic Environmental Systems Technologies, Inc. (BEST), continues to provide a growing stream of revenue and income. 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 cement and power generation industries.

The Company also intends to venture in developing BEST's business in another branches of waste management, including the following:

- Bio medical waste treatment
- Hazardous waste management
- Construction and demolition waste management
- Commercial and industrial waste management
- Providing consultancy and monitoring services to waste collection systems to comply with Republic Act No. 9003 and professionalize the business industry.

Last July 2, 2015, MIC's Board of Directors finally approved the change in name of the Company to IPM Holdings, Inc. to more accurately reflect the firm's ownership structure, subject to the approval of the Corporation's Amended Articles of Incorporation by the SEC. With the advent of climate change and a growing environmental consciousness, the move is a major step towards opening the Company to strategic partners who believe that, indeed, there's money in trash.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of the Company and subsidiary (the "Company") financial position and results of operations should be read in conjunction with the attached consolidated financial statements of the Company and its subsidiary as of December 31, 2014 and the interim consolidated financial statements as of June 30, 2015.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014

Income

Total consolidated revenues for the six-month period ending June 30, 2015 amounted to Php134.06 million, Php12.19 million or 8.34% lower than the Php146.25 million posted in the same period of 2014. This is attributable mainly to the decrease in revenues from consultancy/field services income of Php10.63 million from the management and maintenance of the Quezon City Sanitary Landfill.

Cost of Services

Cost of services for the six-month period ending June 30, 2015 amounted to Php80.74 million for a minimal increase of 1.98% from the Php79.17 million in the same period of 2014.

General and administrative expenses declined by 16.92%, from Php16.89 million in 2014 to Php14.03 million this year. This was mainly due to decreases in depreciation and other operating expenses.

Net Income

The first half of 2015 resulted in a net income after tax of Php23.96 million, including the Php6.26 million net income attributable to non-controlling interests, as compared to the net income of Php34.73 million, including the Php9.18 million net income attributable to non-controlling interests reported for same period in 2014.

Liquidity and Capital Resources

For the six-month period ending June 30, 2015, net cash used in operations totaled Php16.67 million including the net income before tax of Php34.69 million and the depreciation and amortization expense of Php11.09 million. Trade and other receivables increased by Php58.81 million while prepaid and other current assets increased by Php1.26 million. Trade and other payables decreased by Php4.56 while due to related parties went up by Php7.52 million. Net cash used in investing activities amounted to Php0.09 million.

In the same period of 2014, net cash used in operations totaled Php62.91 million including the net income before tax of Php50.18 million and the depreciation and amortization expense of Php22.63 million. Trade and other receivables jumped by Php87.73 million while prepaid and other current assets rose by Php6.31 million. Trade and other payables went down Php42.0 million resulting from the settlement of outstanding obligations. Net cash used in investing activities amounted to Php48.92 million. Net cash provided by financing activities totaled Php120.73 million, including the Php20.25 million additional investments of noncontrolling interest and Php101.22 million resulting from the payment of bank loans.

Second Quarter Ended June 30, 2015 Compared to Second Quarter Ended June 30, 2014

Income

Total consolidated revenues for the quarter ending June 30, 2015 amounted to Php68.44 million, Php8.01 million or 10.48% lower than the Php76.46 million posted in the same period of 2014. This resulted from the decrease in consultancy/field services income by Php8.88 million from the management and maintenance of the Quezon City Sanitary Landfill.

Cost of Services

Cost of services for the second quarter of 2015 totaled Php42.62 million, higher by Php3.91 million or 10.11% from the Php38.71 million reported in the same period of 2014. This is largely due to the increase in expenses for rental of trucks and equipments from a related party.

General and administrative expenses dropped by 29.05%, from Php7.32 million in 2014 to Php5.20 million this year. This was mainly due to decreases in depreciation and amortization and other operating expenses.

Net Income

The second quarter of 2015 resulted into a net income after tax of Php13.41 million, including the Php3.52 million net income attributable to non-controlling interests. This is 36% lower than the net income of Php21.07 million, including the Php5.45 million net income attributable to non-controlling interest posted in the same period last year.

Liquidity and Capital Resources

For the quarter ended June 30, 2015, net cash used in operation totaled PhpPhp1.04 million including the net income before tax of Php19.44 million and the depreciation and amortization expense of Php5.15 million. Trade and other receivables rose by Php22.44 million while prepaid and other current assets increased by Php2.0 million. Trade and other payables and due to related parties also increased by Php5.86 million and Php1.70 million, respectively. Income tax paid for 2014 in the amount of Php9.94 million.

In the same period of 2014, net cash provided by operations amounted to Php28.09 million including the net income before tax of Php30.42 million and the depreciation and amortization expense of Php11.30 million. Trade and other receivables rose by Php41.55 million while prepaid and other current assets increased by Php1.25 million. Trade and other payables also went up by Php30.04 million. Net cash used in investing activities amounted to Php17.71 million while net cash provided by financing activities totaled Php19.52 million including the Php20.25 million additional investments of noncontrolling interest.

Financial Position as of June 30, 2015 Compared to Financial Position as of December 31, 2014

atements of financial position data	June 30, 2015	December 31, 2014	% Inc/ (Dec)
otal Current Assets	486,420,719	443,171,284	9.76%
otal Assets	916,200,351	888,549,822	3.11%
otal Current Liabilities	96,445,029	92,757,391	3.98%
otal Liabilities	96,861,505	93,173,867	3.96%
otal Stockholders' Equity	819,338,846	795,375,955	3.01%

The Company's consolidated total assets slightly grew by 3.11% from Php888.55 million as of December 31, 2014 to Php916.20 million as of June 30, 2015.

- Cash and cash equivalents dropped by 78.61% from Php21.32 million as of December 31, 2014 to Php4.56 million as of June 30, 2015. The decrease was mainly due to the settlement of long term liabilities.

- Trade and other receivables increased by 14.54% from Php404.20 million as of December 31, 2014 to Php462.96 million as of June 30, 2015. This is mainly attributable to the increase in contract services the company entered into during the first half of 2015.

- Other current assets rose by 7.4% from Php16.92 million as of December 31, 2014 to Php18.18 million as of June 30, 2015.

- Noncurrent assets slightly went down by 3.5% from Php445.38 million as of December 31, 2014 to Php429.782 million as of June 30, 2015 due to the annual set-up of depreciation and amortization.

Total consolidated liabilities posted a 3.98% decrease, from Php92.76 million as of December 31, 2014 to Php96.45 million as of June 30, 2015. The decrease was mainly due to the settlement of the Company's obligations.

Total stockholders' equity was slightly up by 3.01% from P795.38 million as of December 31, 2014 to Php819.34 million as of June 30, 2015, including the Noncontrolling interest of Php281.44 million as of June 30, 2015 and Php275.18 million as of December 31, 2014.

Current ratio increased from 4.78x as of December 31, 2014 to 5.04x as of June 30, 2015 due to the settlement of the Company's short term obligations. Net working capital thus stood at Php389.97 million as of June 30, 2015 versus the Php350.41 million as of December 31, 2014.

Key Performance Indicators

The company's key performance indicators are as follows:

KPI	**Calculation**	**30-June-15**	31-Dec-14
Current Ratio (1)	Current Assets/Current Liabilities	5.04x	4.78x
Quick Ratio (2)	Current Assets-Inventory-Prepaid Expenses /Current Liabilities	4.85x	4.60x
Debt to Equity Ratio (3)	Liabilities/ Stockholders' Equity	0.12	0.12
Book Value per share (4)	Total Assets–Total Liabilities/Outstanding Shares	1.19	1.15
Net Income per Share (5)	Net Income/Weighted Average Number of Shares Outstanding	0.03	0.09

		30-June-15	31-Dec-14
(1)	Current Ratio	486,420,719/96,445,029	443,171,284/92,757,391
(2)	Quick Ratio	468,239,543/96,445,029	426,242,346/92,757,391
(3)	Debt to Equity	96,861,505/819,338,846	93,173,867/795,375,955
(4)	Book Value/Share	819,338,846/690,000,000	795,375,955/690,000,000
(5)	Income per Share	23,962,891/690,000,000	61,227,771/690,000,000

2014 vs. 2013

Income

Consolidated revenues for the year rose to Php282.60 million from Php268.52 million in 2013, or a growth to 5.24%. This is broken down as follows: Php245.82 million from service income; Php35.48 million from rental income; Php1.23 million from interest income; and Php0.07 million from other income.

Expenses

Cost of services for the year increased by 6.01% from Php142.08 million in 2013 to Php150.60 million in 2014. This is attributable mainly to the increases in equipment rental for the maintenance of the sanitary landfills, manpower training and consumption of chemical sprays.

General and administrative expenses for the year went up by 51.71% to Php34.86 million from Php22.97 million in 2013. This was mainly due to increases in taxes and licenses, retirement cost provisions, professional fees, salaries and allowance for doubtful accounts.

Net Income

The twelve month operation of the Company ended with a net income of Php61.23 million, higher by Php19.38 million or 46.30% than the Php41.85 million reported in 2013. This is largely due to the one-time listing expense of Php25.22 million recognized in 2013.

Financial Condition

Statements of financial position data	31-Dec-14	31-Dec-13	% Inc/(Dec)
Total Current Assets	443,171,284	610,292,719	(27.38%)
Total Assets	888,549,822	1,033,934,372	(14.06%)
Total Current Liabilities	92,757,391	319,895,106	(71.00%)
Total Liabilities	93,173,867	320,070,974	(70.89%)
Total Equity	795,375,955	713,863,398	11.42%

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

The Company's consolidated total assets declined by 14.06% from Php1.03 billion in 2013 to Php888.55 million in 2014.

- Cash and cash equivalents dropped by 39.49% from Php35.24 million in 2013 to Php21.32 million in 2014. The decrease was mainly due to the settlement of long term liabilities.

- Trade and other receivables decreased by 10.01% from Php449 million in 2013 to Php404.20 million in 2014, resulting from account reclassification.

- Other current assets decreased by 30.62% from Php24.40 million in 2013 to Php16.93 million in 2014 due to the provision for impairment on its prepaid taxes, creditable withholding taxes and input VAT.

- Noncurrent assets went up 5.13% from Php423.64 million in 2013 to Php445.38 million in 2014, resulting from account reclassification.

Total consolidated liabilities posted a 70.89% decrease from Php320.07 million in 2013 to Php93.17 million in 2014. The decrease was mainly due to the settlement of the Company's obligations to related parties as well as the full settlement of its bank loan.

Total stockholders' equity rose to 11.42% from Php713.86 million in 2013 to Php795.38 million in 2014.

Current ratio increased from 1.91x in 2013 to 4.78x in 2014 due to the settlement of the Company's short term obligations. Net working capital thus stood at Php350.41 million in 2014, as compared to a negative balance of Php290.40 million in 2013.

Liquidity and Capital Resource

For the year ended December 31, 2014, net cash provided by operations amounted to Php113.13 million as compared to the Php559.77 million net cash used by operations in 2013. This reversal is mainly due to the settlement of obligations to related parties in 2014.

Net cash provided by investing activities amounted to Php51.13 million in 2014 as compared to minus Php4.48 million in 2013, due to the decrease in short-term deposit amounting to Php101.22 million and increase in investment in joint venture amounting to Php48.60 million.

2013 vs. 2012

Income

Total consolidated income for the year amounted to Php268.52 million, 33.84% higher than the Php200.63 million posted in 2012. This is attributable mainly to the increase in revenues from consultancy and field services as well as from provision of hauling services for the RDF production of affiliate, Mundo Verde Corporation.

Expenses

Cost of services for the year increased by 24.21%, from Php114.39 million in 2012 to Php142.08 million in 2013. Increases in cost were experienced across the board, including manpower, fuel and lubricants, as well as repairs and maintenance, resulting from the overall expansion in the volume of business.

General and administrative expenses for the year went up by 119% from Php10.51 million in 2012 to Php22.97 million in 2013. This was mainly due to increases in taxes and licenses; salaries due to the beef up of management personnel; and other operating expenses.

Listing expense amounting to Php25.22 million was recognized in the consolidated statements for 2013, as a result of the application by the Company's external auditors of the reverse-acquisition mode of consolidating the Company's financial statements with those of BEST. The listing fee is the difference between the Company's acquisition cost of 75% of BEST against the fair value of BEST as of acquisition date in 2013.

Net Income

The twelve month operation of the Company ended with a net income of Php41.85 million, slightly down 22.78% as compared to the Php54.20 million reported in 2012 largely due to the listing expense of Php25.22 million and the higher provision for income tax in 2013.

Financial Condition

Statements of financial position data	31-Dec-13	31-Dec-12	% Inc/(Dec)
Total Current Assets	610,292,719	483,072,813	26.34%
Total Assets	1,033,934.372	937,280,926	10.31%
Total Current Liabilities	319,895,106	791,305,889	59.57%
Total Liabilities	320,070,974	791,451,505	59.56%
Total Equity	713,863,398	145,829,421	390%

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

The Company's consolidated total assets rose by10.31% from Php937.28 million in 2012 to Php1.03billion in 2013.

- Cash and cash equivalents declined by 66% from Php103.7 million in 2012to Php35.24 million in 2013. The decrease was mainly due to the settlement of long term liabilities.

- Trade and other receivables went up by 79.94% from Php249.62 million in 2012 to Php449.17 million in 2013. This is mainly attributable to the increase in contract services the company entered into during 2013.

- Other current assets decreased by 18% from Php29.76 million in 2012 to Php24.40 million in 2013 due to the provision for impairment on its prepaid taxes, creditable withholding tax and input VAT.

- Noncurrent assets declined by 6.73% from Php454.21 million in 2012 to Php423.64 million in 2013 due to the annual set-up of depreciation and amortization.

Total consolidated liabilities posted a 59.56% decrease from Php791.45 million in 2012 to Php320.07 million in 2013. The decrease was mainly due to the settlement of the Company's obligations to related parties.

Total stockholders' equity went up by 389.52% from P145.83 million in 2012 to Php713.86 million in 2013. The increase is primarily due to the increase in the Company's authorized capital stock as well as recognized net profit and revaluation surplus.

Current ratio increased from .61x in 2012 to 1.91x in 2013 due to the settlement of the Company's short term obligations. Net working capital thus stood at Php290.40 million in 2013, as compared to a negative balance of Php308.23 million in 2012.

Liquidity and Capital Resource

For the year ended December 31, 2013, net cash used in operations amounted to Php559.77 million as compared to the Php282.00 million net cash provided by operations in 2012. This reversal is mainly due to the settlement of obligations to related parties.

Net cash used in investing activities amounted to Php4.48 million in 2013 as compared to Php354.91 million in 2012, due to major additions to property and equipment in 2012.

2012 vs. 2011

Income

Consolidated income for 2012 amounted to Php200.63, up 219% from the Php62.97 million posted in 2011. The jump was mostly the result of increased collections of consultancy and field services fees from the operation and maintenance of the Quezon City Sanitary Landfill.

Expenses

Total cost of services went up by Php68.95 million or 152%, from Php45.44 million in 2011 to Php114.39 million in 2012.Increases were posted across all cost items, including labor, materials, utilities, equipment rentals, fuel and oil, repairs and maintenance, licenses and permit and other expenses incurred in the delivery of services.

General and administrative expenses rose by 59%, from Php6.63 million in 2011 to Php10.51 million in 2012, again the result of supporting a bigger business base.

Net Income

The Company ended 2012 with a net income of Php54.20 million, up by 505.58% from the Php8.95 million posted in 2011.

Financial Condition

Statements of financial position data	**31-Dec-12**	**31-Dec-11**	**% Inc/(Dec)**
Total Current Assets	483,072,813	69,302,215	597.05%
Total Assets	937,280,926	337,513,257	177.70%
Total Current Liabilities	791,305,889	314,525,872	151.58%
Total Liabilities	791,451,505	314,622,928	201.62%
Total Stockholders' Equity	145,829,421	22,890,329	537.08%

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

Total assets of the Company went up by 177.7% from Php337.51 million in 2011 to Php937.28 million in 2012 due to the increase in receivables from the expanded volume of contract services entered into during the year and the acquisition of fixed assets.

- Cash and cash equivalents stood by Php103.70 million in 2012 from Php7.85 million in 2011, the healthy cash balance arising from improved revenues and collections.

- Trade and other receivables rose by 402.51% % from Php49.71 million in 2011 to Php249.62 million in 2012, due to the increase in contract services the company entered into during the year.

- Other current assets increased by 153.49% from Php11.74 million in 2011 to Php29.76 million in 2012 due to the increases in input VAT and prepaid taxes.

- Noncurrent assets went up by 69.34% from Php268.21 million in 2011 to Php454.21 million in 2012. The increase is largely attributable to the acquisition of property and equipment.

Total liabilities increased by 151.55%, from Php314.62 million in 2011 to Php791.45 million in 2012, mainly due to increases in payables to related parties, accrued expenses and other current liabilities.

Total stockholders' equity went up by 537% from P22.89 million in 2011 to Php145.83 million in 2012 due to the increase in the capitalization of BEST in 2012.

Current ratio improved from .22x in 2011 to .61x in 2012 while net working capital in 2012 stood at a negative balance of Php308.23 million as compared to a negative balance of only Php245.22 million in 2011, the deterioration resulting from the substantial acquisition of property and equipment in 2012 using short term funding.

Liquidity and Capital Resource

For the year ended December 31, 2012, net cash provided by operations amounted to Php282 million as compared to Php206.59 million in 2011.The slight increase is attributed to the increase in due related parties of Php294.55 million which exceeded the increase in receivables of Php143.17 million and other current assets of Php19.83 million.

Net cash used in investing activities amounted to Php354.91 million in 2012 as compared to Php200.70 million in 2011. Acquisition of property and equipment amounted to Php255.60 million, and the increase in short term deposit amounted to Php100 million.

Key Performance Indicators

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

KPI	Calculation	31-Dec-14	31-Dec-13	31-Dec-12
Current Ratio (1)	Current Assets/Current Liabilities	4.78x	1.91x	0.61x
Quick Ratio (2)	Current Assets-Inventory-Prepaid Expenses /Current Liabilities	4.59x	1.83x	0.57x
Debt to Equity Ratio (3)	Liabilities/ Stockholders' Equity	0.12x	0.45x	5.43
Book Value per share (4)	Total Assets –Total Liabilities/ Outstanding Shares	1.15	1.03	0.77
Net Income per Share (5)	Net Loss/Weighted Average Number of Shares Outstanding	0.09	0.09	0.29

		31-Dec-14	31-Dec-13	31-Dec-12
(1)	Current Ratio	443,171,284/92,757,391	610,292,719/319,895,106	483,072,813/791,305,889
(2)	Quick Ratio	426,242,346/92,757,391	585,890,672/319,895,106	453,315,207/791,305,889
(3)	Debt to Equity	92,757,391/795,375,955	320,070,974/713,863,398	791,305,889/145,829,421
(4)	Book Value/Share	795,375,955/690,000,000	713,863,399/690,000,000	145,829,421/190,000,000
(5)	Net Income per Share	61,227,771/690,000,000	41,851,637/469,452,055	54,197,789/190,000,000

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.

Net Income per Share is computed by dividing the net income 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.

IV. BRIEF DESCRIPTION OF GENERAL NATURE AND SCOPE OF BUSINESS

OVERVIEW

Minerales Industrias Corporation ("MIC" or the "Parent 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 Parent 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 Parent 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 Parent 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 Parent 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 Parent 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 Parent 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 Parent 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 Parent 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 SEC approved the Parent Company's application for 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 per share and the amendment of the primary purpose of the Parent Company to revert back to a holding company.

On July 18, 2013, the Board of Directors approved the increase in the authorized capital stock of the Parent Company from ₱740,000,000 divided into 740,000,000 shares with a par value of ₱1 per share to ₱ 5,000,000,000 divided into 5,000,000,000 shares with a par value of ₱1 per share. On the same date, the BOD approved the transfer of the principal address of the Parent Company from Room 322, 3rd Floor, LRI Design Plaza, 210 Nicanor Garcia Street, Barangay Sta. Cruz, Makati City to its current principal address, Unit 103, Ground Floor, Prestige Tower Condominium, F Ortigas Jr. Avenue Ortigas Center, Pasig City. These were subsequently approved by the shareholders on September 19, 2013. The SEC approved the amended articles of incorporation indicating the change of address on October 18, 2013.

On September 11, 2013, The Philippines Stock Exchange, Inc. (PSE) approved the application of the Parent Company to list the additional 500,000,000 common shares (the "Private Placement Shares") with a par value of P1.00 per share, at a Subscription Price of P1.00 per share. The Parent Company, the IPM

Group, and Metropolitan Bank and Trust Company-Trust Banking Group ("Escrow Agent") executed an Escrow Agreement and Certification and Undertaking on November 15, 2013 and December 4, 2013, respectively, to implement the required lock-up of the Private Placement Shares.

On February 10, 2014, the Board of Directors approved the payment to BEST of ₱22,875,000 representing 15% of the unpaid balance on the total subscription price for the 615,000,000 shares subscribed by the Parent Company in BEST.

On July 2, 2015, the BOD approved the change in name of the company to IPM Holdings, Inc. to more accurately reflect the firm's ownership structure, subject to the approval of the Corporation's Amended Articles of Incorporation by the SEC. With the advent of climate change and a growing environmental consciousness, the move was also seen as a major step towards opening the publicly-listed company to strategic partners who believe that, indeed, there's money in trash.

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 Parent 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 Parent 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 Parent 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 Parent 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 Parent Company expressing his withdrawal of interest in further subscribing to the 500 million common shares of the Parent 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 Parent 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 Parent 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 Parent Company of the additional shares to the New Subscribers and the transfer of the New Subscribers' IPII shares to the Parent 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) was 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 Parent 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 Parent Company representing at least two-thirds of the Parent 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.

The Parent Company's subsidiary, BEST, is engaged in contracting and consulting business for waste management, public cleansing, sanitation and general hygiene to provide comprehensive waste disposal services.

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. (IPMESI), 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.

BEST is currently in partnership with Lafarge Industrial Ecology International, SA ("LIEI") for another RDF facility under Ecoedge Resources Corporation ("Ecoedge"). Ecoedge is 60% owned by BEST and 40% owned by LIEI. The total cost of the project is estimated at Php127 million. The plant started operations in December 2014, and is slated to produce up to 150 tons of RDF per day at full capacity.

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 15 of the audited consolidated financial statements for 2014 and 2013, there were no other transactions entered into with related parties.

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 has 34 employees as of December 31, 2014 of whom 4 are clerical, 5 are administrative, 21 are operations, one managerial and three executive. The employees were not subject to any Collective Bargaining Agreement (CBA).

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 2015 are as follows:

Year	Quarter	High (in Php)	Low (in Php)
2013	First	7.65	5.95
	Second	6.70	5.00
	Third	6.18	5.20
	Fourth	5.35	4.80

2014	First Second Third Fourth	5.25 5.20 5.20 6.55	5.00 5.03 5.57 5.20
2015	First	5.50	4.90
	Second	5.20	5.03

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)
2015	July 31	7.50
	August 28	7.28
	September 17	8.12

(2) HOLDERS

The Company has only common stock, with P1.00 par value. As of August 31, 2015, the number of common shares issued and outstanding was 690.0 million shares, held by a total of 121 stockholders. The top twenty (20) stockholders of the Company as of July 31, 2015 were as follows:

Name	No. of Shares	Percentage to Total
1. IPM Construction and Development Corporation	350,000,000	50.725%
2. PCD Nominee Corporation (Filipino)	200,821,074	29.105%
3. IPM Environmental Services, Inc.	65,000,000	9.420%
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)	7,430,900	1.077%
7. William Dee Ty	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%
12. David L. Kho ITF Justine Dale Kho	423,000	0.061%
13. Candice Choa Cocuao	200,000	0.029%
14. David L. Kho ITF Justine Dale Y. Kho	162,000	0.023%
15. Joseph Y. Lao	100,000	0.014%
S.J. Roxas & Co., Inc.	100,000	0.014%
16. Violeta L. Lim	74,000	0.011%
17. Ma. Teresita T. De Leon	61,000	0.009%
Hanson G. So &/or Larcy Marichi Y. So	61,000	0.009%
18. Pei Zhi Lin	60,000	0.009%
19. PCCI Securities Brokers Corporation	50,000	0.007%
20. Romeo G. Sese	37,000	0.005%
TOTAL	**689,434,971**	**99.918%**

(3) DIVIDENDS

No dividends, either in cash or stock, were declared on the shares for the last four (4) years, i.e., 2014, 2013 and 2012. 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:

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

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 27, 2015 Atty. Ana Maria A. Katigbak was re-appointed as Compliance Officer ("CO") and Mr. Roberto E. Cabarco as Deputy Corporate Information Officer. He was also designated as the Company's Compliance Officer.

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.

VI. 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, exclusive of VAT and out of pocket expenses:

Year	Audit Fees	Tax Fees	All Other Fees
2014	Php 121,000.00	-	-
2013	450,000.00	-	-

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.

ANNEX "B-1"

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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

Company Name

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
A N D   S U B S I D I A R Y

Principal Office (No./Street/Barangay/City/Town/Province)

U N I T   1 0 3   G R O U N D   F L O O R   P R E S T I G E
T O W E R   C O N D O M I N I U M   F .   O R T I G A S   J R .
A V E N U E   O R T I G A S   C E N T E R   P A S I G   C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A C F S		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@mineralesindustrias.com	897-5257	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
121	4th Wed of May	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ana Maria A. Katigbak	AAK@cltpsj.com.ph	817-6791	

Contact Person's Address

3rd Floor, The Valero Tower, 122 Valero St., Salcedo Village, Makati City

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

MINERALES INDUSTRIAS CORPORATION
Unit 103, Ground Floor, Prestige Tower Condominium
F. Ortigas Jr. Avenue, Ortigas Center, Pasig City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR THE FINANCIAL STATEMENTS

The management of **Minerales Industrias Corporation and Subsidiary (the "Group")** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2014 and 2013, in accordance with the prescribed financial reporting framework indicated therein. 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 or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

Signed under oath by the following:

ISABELITA P. MERCADO
Chairman of the Board/President
(Also acting as Chief Executive Officer)

FRANCIS NEIL P. MERCADO
Treasurer/Chief Financial Officer

Signed this 31st day of March, 2015

SUBSCRIBED AND SWORN to before me this APR 1 5 2015, affiants exhibiting to me their Residence Certificates, as follows:

Name	CTC No.	Date of Issue	Place of Issue
Isabelita P. Mercado	34523164	Jan. 7, 2015	Pasig City
Francis Neil P. Mercado	34523159	Jan. 7, 2015	Pasig City

Doc No. 483
Page No. 97
Book No. V
Series of 2015

MARY MELANIE H. QUINO
NOTARY PUBLIC
UNTIL DEC. 31, 2015
PTR [illegible] 1/5/2015
IBP LIFETIME NO. 07535
ROLL NO. 53915
MCLE COMP. NO. IV-0007904

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

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.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
Unit 103, Ground Floor, Prestige Tower Condominium
F. Ortigas Jr. Avenue Ortigas Center
Pasig City

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Other Matter

The consolidated financial statements of the Group as at and for the year ended December 31, 2012 were not audited.

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. 08-001998-10-2015,
March 24, 2015, valid until March 23, 2018
PTR No. 4751262, January 5, 2015, Makati City

March 31, 2015

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31		January 1
	2014	2013 (As adjusted)	2013 (Unaudited)
ASSETS			
Current Assets			
Cash and cash equivalents (Notes 4 and 22)	**₱21,321,523**	₱35,236,582	₱103,697,115
Receivables (Notes 5 and 22)	**404,204,661**	449,167,263	249,618,092
Due from a related party (Notes 15 and 22)	**716,162**	266,960	–
Short-term deposits (Notes 6, 13 and 22)	–	101,219,867	100,000,000
Other current assets (Note 7)	**16,928,938**	24,402,047	29,757,606
Total Current Assets	**443,171,284**	610,292,719	483,072,813
Noncurrent Assets			
Receivables - net current portion (Notes 5 and 22)	**37,584,527**	44,001,029	68,349,235
Deferred tax asset (Note 19)	**625,259**	–	–
Investments in an associate and a joint venture (Note 8)	**91,201,135**	44,443,136	44,666,776
Deposits (Note 9)	**3,155,365**	3,155,365	1,455,365
Investment property (Note 10)	**36,316,876**	37,434,319	–
Property and equipment (Note 11)	**276,495,376**	294,607,804	339,736,737
Total Noncurrent Assets	**445,378,538**	423,641,653	454,208,113
Total Assets	**₱888,549,822**	₱1,033,934,372	₱937,280,926
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables (Notes 12 and 22)	**₱82,476,818**	₱111,403,914	₱139,316,695
Due to related parties (Notes 15 and 22)	**5,038,694**	102,521,802	530,453,974
Income tax payable	**5,241,879**	5,969,390	21,535,220
Loans payable (Notes 13 and 22)	–	100,000,000	100,000,000
Total Current Liabilities	**92,757,391**	319,895,106	791,305,889
Noncurrent Liability			
Net pension liability (Note 18)	**416,476**	175,868	145,616
Total Liabilities	**93,173,867**	320,070,974	791,451,505
Equity Attributable to Equity Holders of the Parent			
Capital stock (Note 14)	**690,000,000**	690,000,000	190,000,000
Retained earnings (Note 14)			
Unappropriated	**114,116,843**	69,111,315	61,034,899
Appropriated	**14,803,219**	14,803,219	14,803,219
Other reserves (Notes 1 and 18)	**(298,720,451)**	(298,746,540)	(120,008,697)
	520,199,611	475,167,994	145,829,421
Noncontrolling Interests	**275,176,344**	238,695,404	–
Total Equity	**795,375,955**	713,863,398	145,829,421
Total Liabilities and Equity	**₱888,549,822**	₱1,033,934,372	₱937,280,926

See accompanying Notes to Consolidated Financial Statements.

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2014	2013 (As adjusted, Note 21)	2012 (As adjusted, Note 21)
REVENUE AND OTHER INCOME			
Service income (Note 15)	**₱245,818,974**	₱237,282,897	₱196,642,460
Rental income (Notes 10, 15 and 21)	**35,475,243**	29,532,186	–
Interest income (Notes 4 and 6)	**1,233,569**	1,704,827	15,226
Equity in net earnings of an associate and a joint venture (Note 8)	–	–	3,976,624
Other income	**72,598**	–	–
	282,600,384	268,519,910	200,634,310
EXPENSES			
Cost of services (Note 16)	**150,614,747**	142,082,357	114,391,977
General and administrative expenses (Note 17)	**34,855,223**	22,974,426	10,506,279
Interest expense (Notes 11 and 13)	**944,656**	4,211,535	–
Equity in net losses of an associate and a joint venture (Note 8)	**1,842,001**	223,640	–
Listing expense (Note 1)	–	25,221,570	–
	188,256,627	194,713,528	124,898,256
INCOME BEFORE INCOME TAX	**94,343,757**	73,806,382	75,736,054
PROVISION FOR INCOME TAX (Note 19)	**33,115,986**	31,954,745	21,538,265
NET INCOME	**61,227,771**	41,851,637	54,197,789
OTHER COMPREHENSIVE INCOME (LOSS)			
Items not to be reclassified to profit or loss:			
Actuarial losses on defined benefit obligation (Note 18)	**34,786**	(319,269)	(8,697)
TOTAL COMPREHENSIVE INCOME	**₱61,262,557**	₱41,532,368	₱54,189,092
Net income attributable to:			
Equity holders of the parent	**₱45,005,528**	₱23,295,787	₱54,197,789
Noncontrolling interest	**16,222,243**	18,555,850	–
	₱61,227,771	₱41,851,637	₱54,197,789
Total comprehensive income attributable to:			
Equity holders of the parent	**₱45,031,618**	₱23,056,336	₱54,189,092
Noncontrolling interest	**16,230,939**	18,476,032	–
	₱61,262,557	₱41,532,368	₱54,189,092
BASIC/DILUTED EARNINGS PER SHARE (Note 20)	**₱0.09**	₱0.09	₱0.29

See accompanying Notes to Consolidated Financial Statements.

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

				Other Reserves			
	Capital Stock (Note 14)	Retained Earnings - Unappropriated (Note 14)	Retained Earnings - Appropriated (Note 14)	Equity Reserve	Actuarial Losses on Defined Benefit Obligation (Note 18)	Noncontrolling Interests	Total Equity
At January 1, 2014	**₱690,000,000**	**₱69,111,315**	**₱14,803,219**	**(₱298,498,391)**	**(₱248,149)**	**₱238,695,404**	**₱713,863,398**
Net income	–	**45,005,528**	–	–	–	**16,222,243**	**61,227,771**
Other comprehensive income	–	–	–	–	**26,089**	**8,697**	**34,786**
Additional investment of NCI (Note 14)	–	–	–	–	–	**20,250,000**	**20,250,000**
At December 31, 2014	**₱690,000,000**	**₱114,116,843**	**₱14,803,219**	**(₱298,498,391)**	**(₱222,060)**	**₱275,176,344**	**₱795,375,955**
At January 1, 2013	₱190,000,000	₱61,034,899	₱14,803,219	(₱120,000,000)	(₱8,697)	₱–	₱145,829,421
Net income	–	23,295,787	–	–	–	18,555,850	41,851,637
Other comprehensive loss	–	–	–	–	(239,452)	(79,817)	(319,269)
Issuance of shares	500,000,000	–	–	–	–	–	500,000,000
Effect of reverse acquisition (Note 1)	–	(15,219,371)	–	(178,498,391)	–	220,219,371	26,501,609
At December 31, 2013	₱690,000,000	₱69,111,315	₱14,803,219	(₱298,498,391)	(₱248,149)	₱238,695,404	₱713,863,398

See accompanying Notes to Consolidated Financial Statements.

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱94,343,757**	₱73,806,382	₱75,736,054
Adjustments for:			
Depreciation and amortization (Notes 10, 11, 16 and 17)	**20,716,831**	7,721,400	17,969,027
Listing expense (Note 1)	–	25,221,570	–
Interest expense (Note 13)	**944,656**	4,211,535	–
Provision for impairment losses (Notes 7 and 17)	**216,180**	308,371	–
Equity in net losses (earnings) of an associate and a joint venture (Note 6)	**1,842,001**	223,640	(3,976,624)
Pension cost (Note 18)	**290,302**	52,912	39,863
Interest income (Notes 4 and 6)	**(1,233,569)**	(1,704,827)	(15,226)
Operating income before changes in working capital	**117,120,158**	109,840,983	89,753,094
Decrease (increase) in:			
Receivables	**51,315,786**	(172,388,465)	(143,173,961)
Due from a related party	**(449,202)**	(266,960)	–
Other current assets	**7,256,930**	5,047,188	(19,830,714)
Increase (decrease) in:			
Trade and other payables	**(28,626,222)**	(27,912,781)	62,643,506
Due to related parties	–	(427,932,172)	294,546,585
Net cash generated from (used in) operations	**146,617,450**	(513,612,207)	283,938,510
Interest received	**1,233,569**	1,704,827	15,226
Income tax paid	**(34,721,223)**	(47,520,575)	(1,948,339)
Contributions to plan assets (Note 18)	–	(341,929)	–
Net cash provided by (used in) operating activities	**113,129,796**	(559,769,884)	282,005,397
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash acquired from business combination	–	1,280,039	–
Acquisitions of property and equipment (Note 11)	**(1,486,958)**	(26,786)	(255,602,730)
Decrease in short-term deposit (Note 6)	**101,219,867**	(1,219,867)	(100,000,000)
Increase in deposits (Note 9)	–	(1,700,000)	(110,000)
Investment in joint venture (Note 8)	**(48,600,000)**	(2,812,500)	–
Dividends received (Note 8)	–	–	800,000
Net cash provided by (used in) investing activities	**51,132,909**	(4,479,114)	(354,912,730)
CASH FLOWS FROM FINANCING ACTIVITY			
Proceeds from issuance of shares of stock (Note 14)	**20,250,000**	500,000,000	68,750,000
Increase (decrease) in amounts due to a related party	**(97,483,108)**	–	–
Interest paid	**(944,656)**	(4,211,535)	–
Proceeds/payment from bank loan (Note 13)	**(100,000,000)**	–	100,000,000
Net cash provided by (used by) financing activities	**(178,177,764)**	495,788,465	168,750,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(13,915,059)**	(68,460,533)	95,842,667
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**35,236,582**	103,697,115	7,854,448
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱21,321,523**	₱35,236,582	₱103,697,115

See accompanying Notes to Consolidated Financial Statements.

1. **Corporate Information**

Minerales Industrias Corporation (the Parent Company) and its subsidiary, Basic Environmental Sytems and Technologies, Inc. (BEST) (collectively referred to as "the Group"), were incorporated in the Philippines. The Group's registered office address is Unit 103 G/F, Prestige Tower Condominium, F. Ortigas Jr. Avenue, Ortigas Center, Pasig City.

The Parent Company was incorporated and organized in the Republic of the Philippines on August 31, 1995 to engage in the business of investment; to own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every kind and description: and, to manage any business, joint venture, firm partnership, corporation, institution or entity or otherwise act as holding or management corporation thereof.

BEST is incorporated in the Philippines on September 15, 1999 and is engaged in contracting and consulting business for waste management, public cleansing, sanitation and general hygiene to provide comprehensive waste disposal services.

On December 20, 1999, the stockholders approved the increase in the authorized capital stock of the Parent 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 Parent Company). In 2010, the Parent Company issued additional 10,000,000 shares to private investors.

On July 26, 2007 and August 31, 2007, the BOD and stockholders, respectively, approved the change in the Parent Company's primary purpose from holding to mining. The Securities and Exchange Commission (SEC) approved the change on January 14, 2008.

On November 20, 2012, the BOD approved the issuance of 500,000,000 shares at par value of ₱1 per share in favor of the following IPM group of companies: (a) IPM Construction and Development Corporation (IPMCDC), 350,000,000; (b) IPM Environmental Services, Inc. (IPMESI), 100,000,000; and (c) IPM Realty and Development Corporation (IPMRDC), 50,000,000. On the same date, the 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 Parent 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 to be acquired from the original shareholders of BEST.

On February 8, 2013, the stockholders representing at least two thirds of the outstanding capital stock of the Parent Company approved the subscription by 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 Parent Company, at a total subscription price of ₱500,000,000, payable in cash: (a) IPMCDC,₱350,000,000; (b) IPMESI, ₱100,000,000; and (c) IPMRDC, ₱50,000,000. On the same date, the stockholders approved the amendment of the primary purpose of the Parent Company to enable the Parent 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 Parent Company received ₱50,000,000 and ₱450,000,000, respectively, as deposits for the said subscriptions to the proposed increase in the authorized capital stock of the Parent Company. Consequently, the Parent Company became a subsidiary of IPMCDC upon receipt of the deposit as per the subscription agreement.

On March 4, 2013, the Parent Company acquired 615,000,000 shares in BEST representing 75% interest and paid ₱462,500,000, ₱12,500,000 of which was paid to the original shareholders of BEST as consideration to the subscription rights acquired. Subscription payable as of December 31, 2013 amounted to ₱152,500,000.

On June 11, 2013, the SEC approved the Parent Company's application for increase in authorized capital stock from 240,000,000 to 740,000,000 shares with a par value of ₱1 per share and the amendment of the primary purpose of the Parent Company to revert back to a holding company. The deposits for stock subscriptions by IPMCDC, IPMESI and IPMRDC were then transferred to common stocks following the approval of the increase in authorized capital stock.

On July 18, 2013, the BOD approved the increase in the authorized capital stock of the Parent Company from ₱740,000,000 divided into 740,000,000 shares with a par value of ₱1 per share to an amount not exceeding ₱5,000,000,000 divided into 5,000,000,000 shares with a par value of ₱1 per share. On the same date, the BOD approved the transfer of the principal address of the Parent Company from Room 322, 3rd Floor, LRI Design Plaza, 210 Nicanor Garcia Street, Barangay Sta. Cruz, Makati City to its current principal address, Unit 103, Ground Floor, Prestige Tower Condominium, F. Ortigas Jr. Avenue Ortigas Center, Pasig City. These were subsequently approved by the shareholders on September 19, 2013. On October 18, 2013, the SEC approved the amended articles of incorporation indicating the change of address and increase in authorized capital stock.

On February 10, 2014, the BOD approved the payment to BEST of ₱22,875,000 representing 15% of the remaining subscription payable. Subscription payable as of December 31, 2014 amounted to ₱129,625,000.

The Parent Company's shares are publicly traded in the Philippine Stock Exchange (PSE) under the ticker "MIC". As of December 31, 2014, the top four beneficial shareholders of the Parent Company are the following:

	Percentage of ownership
IPMCDC	51%
IPMESI	10%
IPMRDC	7%
Public	32%

IPMCDC, IPMESI and IPMRDC were all incorporated in the Philippines.

The accompanying consolidated financial statements were authorized for issue by the BOD, as endorsed by the Audit Committee, on March 31, 2015.

Reverse acquisition
Before the Parent Company acquired 75% interest in BEST, majority of the shareholders of BEST are also the shareholders of IPMCDC, IPMESI and IPMRDC. Hence, the Parent Company acquisition of 75% interest in BEST effectively qualifies as a reverse acquisition since BEST is the combining entity whose owners as a group retain or receive the largest portion of the voting rights in the combined entity.

Since the Parent Company is not a business as defined in PFRS 3, *Business Combination*, paragraph B7, the transaction did not qualify as business combination, but a share-based payment transaction whereby BEST has received the net assets of the Parent Company together with the listing status of the Parent Company.

The consolidated financial statements reflects the substance of the transaction which is that BEST is the continuing entity, therefore, the principles and guidance on the preparation and presentation of the consolidated financial statements in a reverse acquisition set out in PFRS 3 is applied in this transaction. However, the listing status did not qualify for recognition as an intangible asset, and therefore expensed in profit or loss.

In 2013, listing expense is recognized in profit or loss and equity reserve at the date of acquisition. Computation of listing expense follows:

Fair value of BEST at acquisition date	₱650,295,426
Interest acquired by MIC	75%
	487,721,570
Cash paid by MIC	462,500,000
	₱25,221,570

2. **Summary of Significant Accounting Policies**

Basis of Preparation
The accompanying consolidated financial statements have been prepared using the historical cost basis. These financial statements are presented in Philippine Peso (₱), the Group's functional currency. All amounts are rounded to the nearest Philippines Peso unless otherwise indicated.

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

Basis of Consolidation
The accompanying consolidated financial statements prepared following a reverse acquisition are issued under the name of the Parent Company (legal parent/accounting acquiree) but is a continuation of the financial statements of BEST (legal subsidiary/accounting acquirer). The accompanying consolidated financial statements comprise the financial statements of the Parent Company and BEST.

The consolidated financial statements are prepared based on the principles of reverse acquisition involving a non-trading shell company. The accounting acquiree is fully consolidated from the date of acquisition or incorporation, being the date on which the accounting acquirer obtains control, and continues to be consolidated until the date that such control ceases.

All intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Noncontrolling interest (NCI) represent the portion of profit or loss and the net assets not held by the Group and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position and consolidated statements of changes in equity.

Acquisitions of NCI are accounted for using the acquisition method, whereby the Group considers the acquisition of NCI as an equity transaction. Any premium or discount on subsequent purchases from NCI shareholders is recognized directly in equity and attributed to the owners of the parent.

Assessment of Control
Control is achieved when the accounting acquirer is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The accounting acquirer re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation begins when the accounting acquirer obtains control over the accounting acquiree and ceases when the accounting acquirer loses control of the accounting acquiree. Assets, liabilities, income and expenses of the accounting acquiree are included in the consolidated statements of financial position and consolidated statement of comprehensive income from the date the accounting acquirer gains control at the accounting acquiree until the date the accounting acquirer losses the control.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the accounting acquirer and to the NCI, even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of the accounting acquiree to bring its accounting policies in line with the accounting policies of the accounting acquirer.

As of December 31, 2014 and 2013, NCI pertains to the 25% ownership of individuals and companies other than the Parent Company of BEST. The financial information of BEST, with material NCI, is provided below:

	2014	2013
Current assets	**₱437,934,417**	₱578,047,696
Noncurrent assets	**445,378,538**	423,641,653
Total assets	**₱883,312,955**	₱1,001,689,349
Current liabilities	**₱92,541,570**	₱319,207,330
Noncurrent liabilities	**416,476**	175,868
Total liabilities	**₱92,958,046**	₱319,383,198
Revenue	**₱282,469,418**	₱268,074,166
Total comprehensive income	**64,923,758**	73,936,867

There are no significant restrictions on the Group's ability to use assets or settle liabilities within the Group. There is no difference on the voting rights of non-controlling interests as compared to majority stockholders.

Adoption of New and Amended Accounting Standards and Interpretations
The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amended PFRS, which became effective on January 1, 2014.

- Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 27, *Separate Financial Statements*)
  These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. This amendment did not have an impact to the Company financial statements since the Company and its subsidiary would not qualify as an investment entities.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively. The amendments did not have any impact on the Group's financial position or performance since it does not offset its financial instruments.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014. The recoverable amounts of the Group's non-financial assets for which impairment losses were recognized are presented in Note 7.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. The amendments did not have any impact on the Group's financial position or performance since it has no derivative and hedging instruments.

- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. The interpretation will not have any impact on the Group's consolidated financial statements as it has applied the recognition principles under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, consistent with the requirements of IFRIC 21 in prior years.

Annual improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

- Amendment to PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables*
  The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment did not have an impact on the Group's financial position or performance since the Group's policy is already consistent with the amendment.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Meaning of 'Effective PFRSs'*
  The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment is not applicable to the Group as it is not a first-time adopter of PFRS.

<u>Future Change in Accounting Policies</u>
The Group will adopt the following new and amended standards and interpretations enumerated below when these becomes effective.

Effective in 2015

- PAS 19, *Employee Benefits- Defined Benefit Plans: Employee Contributions*
  The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014. This amendment will not be relevant to the Group since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010 - 2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015.

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. This amendment does not apply to the Group as it has no share-based payments.

- Amendment to PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted). The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Group shall consider this amendment for future business combinations.

- Amendment to PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only on the judgment made by management in aggregating operating segments and have no impact on the Group's financial position or performance.

- Amendment to PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*
  The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
  b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

  The amendment is effective for annual periods beginning on or after July 1, 2014. The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment has no impact on the Group's financial position or performance since the Group does not carry its property and equipment at revalued amount.

- Amendment to PAS 24, *Related Party Disclosures - Key Management Personnel*
  The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual

periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments will not have an impact on the Group's financial position or performance since the Group's related party disclosures are already consistent with the amendments.

- Amendment to PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*
  The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
  b. The accumulated amortization is eliminated against the gross carrying amount of the asset.

  The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard. The amendments are effective for annual periods beginning on or after July 1, 2014. The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendments have no impact on the Group's financial position or performance since the Group has no intangible assets.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment will have no impact on the Group's consolidated financial statements since there is no entity in the Group that is considered as a joint arrangement.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment will have no impact on the Group's financial position or performance since the Group's accounting policy is already consistent with the improvement.

- PAS 40, *Investment Property*
  The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The Group shall consider this amendment for future acquisition of investment property.

Effective in 2016

- PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have an impact to the Group given that the Group has no intangible asset and has not used a revenue-based method to depreciate its property and equipment.

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

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have an impact on the Group's consolidated financial statements since the Group is already using equity accounting. The Group is currently assessing the impact of these amendments in the separate financial statements of each entities in the Group.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are

effective from annual periods beginning on or after January 1, 2016. These amendments will not have an impact on the Group's consolidated financial statements since the Group is not involved in any sale or contribution of assets with its associate or joint venture.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Group shall consider this amendment for future acquisition of interest in joint operations.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. The amendment will not have an impact on the Group's consolidated financial statements since the Group is an existing PFRS preparer and has no activities subject to rate regulation.

Annual Improvements to PFRSs (2012-2014 cycle)
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016.

- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment will not have an impact on the Group's consolidated financial statements since the Group does not have noncurrent assets held for sale nor any discontinued operations.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in

order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. The amendment will not have an impact on the Group's consolidated financial statement since the Group is not a party to any servicing contracts pertaining to continuous involvement on derecognized asset.

- PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report. The amendment does not apply to the Group's consolidated financial statements since the Group does not offset its financial instruments.

- PAS 19, *Employee Benefits - regional market issue regarding discount rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendments will not have an impact on the Group's consolidated financial statements since the Group's policy is already consistent with the amendment.

- PAS 34, *Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The amendments will not have an impact on the Group's consolidated financial statements since the Group already presents the required interim disclosures in its interim financial statements.

Effective in 2018

- PFRS 9, *Financial Instruments - Classification and Measurement* (2010 version)
  PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. 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 other comprehensive income (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 not have an impact on the Group's consolidated financial statements since the Group has no debt or equity instruments at FVPL, AFS financial assets and HTM investments.

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

- PFRS 9, *Financial Instruments - Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39* (2013 version)
  PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

  PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by the BOA.

  The amendments will not have an impact on the Group's consolidated financial statements since the Group is not involved in any hedging transactions.

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

  The adoption of the final version of PFRS 9 will not have an impact on the Group's consolidated financial statements since the Group has no debt or equity instruments at FVPL, AFS financial assets and HTM investments. In addition, the Group is not involved in any hedging transactions.

No effective date yet

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The 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. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation will not have an impact on the consolidated financial statements of the Group since it is not involved in the construction of real estate.

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

<u>Cash and Cash Equivalents</u>
Cash includes cash on hand and deposits held on demand with banks that are carried in the consolidated statement of financial position at face amount and earn interest based on the prevailing bank deposit rates. Cash equivalents are short term, highly liquid investments that are already convertible to known amounts of cash with maturities of three months or less from the date of placement and are subject to an insignificant risk of changes in value.

<u>Financial Instruments</u>
Date of recognition
The Group recognizes a financial asset or a financial liability on the consolidated 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 Group 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.

As of December 31, 2014 and 2013, the Group has no financial assets and liabilities at FVPL, AFS financial assets and HTM investments.

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

This accounting policy relates to the consolidated statement of financial position captions "Cash and cash equivalents", "Receivables", "Short-term deposits" and "Due from a related party".

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 Group's "Trade and other payables", "Due to related parties", "Loans payable" 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.

Impairment of Financial Assets
The Group 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 Group 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 Group 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 profit or loss 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 profit or loss, 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 Group 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 Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. 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 Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any difference between loss estimate and actual loss experience.

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 Group 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 Group 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 Group 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 Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group 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 profit or loss.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated 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.

Fair Value
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the assets or liability, assuming that market participants act in their economic best interest.

Fair value hierarchy
The Group 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.

Financial instruments
The fair values for financial instruments traded in active markets at the reporting date are based on their quoted market prices (any price between the bid and ask spred), without any deduction for transaction costs. When current market 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.

Nonfinancial asset
Fair value measurement of nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

The Group's management determines the policies and procedures for both recurring fair value measurement and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Other Current Assets
Other current assets, including prepayments, represent expenses not yet incurred but already paid in advance. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit and loss as the benefits are consumed in operations or expired with the passage of time.

Deposits
Deposits represent deposits to a government agency as a surety bond which is measured at cost.

Investments in an Associate and a Joint Venture
Associates are entities in which the Group has significant influence and which are neither subsidiaries nor joint ventures of the Group. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

A joint venture is an entity, not being a subsidiary or an associate, in which the Group exercises joint control together with one or more venturers. Investments in an associate and a joint venture are accounted for under the equity method of accounting in the consolidated financial statements.

Under the equity method, the investments in associate and joint venture are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate and joint venture, less dividends declared and impairment in value. If the Group's share of losses of an associate and joint venture equals or exceeds its interest in the associate, the Group discontinues recognizing its share of further losses. The interest in an associate and a joint venture is the carrying amount of the investment in the associate and joint venture under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate and joint venture. After application of the equity method, the Group determines whether it is necessary to recognize any impairment loss with respect to the Group's net investments in the associate and joint venture. The consolidated statement of income reflects the Group's share in the results of operations of its associate and joint venture. This is included in the "Equity in net earnings of an associate and a joint venture" account in the consolidated statement of income. After the Group's interest is reduced to zero, additional losses are provided to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate and joint venture.

When there has been a change recognized directly in the equity of the associate and joint venture, the Group recognizes its share of any change and discloses this, when applicable, in the consolidated statement of changes in equity.

The reporting dates of the associate, joint venture and the Group are identical and the accounting policies of the associate and joint venture conform to those used by the Group for like transactions and events in similar circumstances.

Unrealized gains arising from intercompany transactions with its associate and joint venture are eliminated to the extent of the Group's interest in the associate and joint venture. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at fair value and will subsequently be measured using the policy on financial assets. Any difference between the carrying amount of the associate and joint venture upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss.

Investment Property
Property held for long-term rental and/or capital appreciation are classified as investment property. Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost, less any accumulated depreciation and amortization and any accumulated impairment in value.

Investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner-occupation, commencement of an operating lease to another party or by the end of construction or development.

Depreciation of investment property is computed using the straight-line method over the estimated useful life of 35 years.

The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from its investment property.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of such property and equipment when such cost is incurred if the recognition criteria are met.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Condominium units and improvements	35
Development costs	5 to 15
Transportation and heavy equipment	5 to 10
Office furniture and fixtures	2 to 5

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

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

Impairment of Nonfinancial Asset

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Investments in an associate and a joint venture

After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the fair value less cost to sell and the carrying value of the investee company and recognizes the difference in profit or loss.

Equity

Capital stock

Capital stock is measured at par value for all shares issued and outstanding. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings

Retained earnings represent the cumulative balance of net income or loss of the Group, net of any dividend distribution.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Regardless of when the payment is being made, revenue is measured at fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Service income

Service income is recognized when services are rendered.

Rental income
The Group leases out office spaces and transportation and heavy equipment under cancellable operating leases. Rental income arising from investment property and transportation and heavy equipment is recognized as revenue in profit or loss based on the terms of the operating leases.

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

Costs and Expenses
Cost and expenses, are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in Group's equity, other than those relating to distributions to stockholders.

Cost of services
Cost of services include costs relating directly to a specific contract, costs that are attributable to a contract activity in general and can be allocated to the contract and other costs that can be charged to the customer under the contract. These are recognized when incurred.

General and administrative expenses
General and administrative are recognized in profit or loss in the period these are incurred.

Leases
The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A restatement is made after the inception of the lease only if one of the following applies:

(a) there is a change in the contractual terms, other than a renewal or extension of the arrangement;
(b) a renewal option is exercised or extension granted, unless the term of the renewal and extension was initially included in the lease term;
(c) there is a change in the determination of whether the fulfilment is dependent on a specified asset; or
(d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date of the change in circumstances that gave rise to the reassessment for scenarios (a), (c) and (d) above and at the date of renewal or extension period for scenario (b).

Group as a lessor
Lease of assets under which the Group effectively retains all the risks and rewards of ownership is classified as operating lease. Lease payments under an operating lease are recognized as an income in profit or loss based on the terms of the operating leases.

Retirement Cost
The Group, through BEST, has a funded, non-contributory retirement plan, administered by a trustee, covering its regular employees. Retirement cost is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined retirement costs comprise the following:

(a) Service costs
(b) Net interest on the net defined benefit liability or asset
(c) Remeasurements of net defined benefit liability or asset

Service costs which include current service cost, past service cost and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as interest expense or interest income in profit or loss.

Remeasurements comprising actuarial gains and losses and return on plan assets (excluding net interest on defined benefit liability) are recognized immediately in OCI under "Actuarial gains/losses on defined benefit plan" in the period in which they arise. Remeasurements are not recycled to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

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

Short-term Benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include compensation, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits.

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 substantively enacted as of the reporting date.

Deferred tax
Deferred income tax is provided, using the balance sheet 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 future 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 future 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 relating to items recognized outside profit or loss is recognized in correlation to the underlying transaction either in OCI or directly in equity.

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 Group’s statement of financial position.

Other Comprehensive Income
Other comprehensive income comprises items of income and expense (including items previously presented under the statement of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS. Other comprehensive income includes actuarial gains and losses on defined benefit obligation. Other comprehensive income that will be reclassified subsequently to profit or loss is presented separately from other comprehensive income that will not be reclassified to profit or loss in the future.

Operating Segment
The Group’s operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Disclosure of segment information is presented in Note 23.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group 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 profit or loss, net of any reimbursement.

Contingencies
Contingent liabilities are not recognized in the consolidated 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 consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Basic/Diluted Earnings Per Share (EPS)
EPS is computed by dividing net income for the year attributable to common shareholders by the weighted average number of common shares issued and outstanding during the year, with retroactive adjustments for any stock dividends declared.

Events After the Reporting Date
Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates

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

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.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements. Among the significant accounting judgments made by the Group are as follows:

Assessment of control
The Parent Company classifies its investee companies as subsidiary if the Parent Company achieves control over the companies. Control is presumed to exist if the parent owns, directly or indirectly, more than half of the voting power of an entity unless, in an exceptional circumstances it can be clearly demonstrated that such ownership does not constitute control. Control is

achieved when the Parent Company is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In the event the Parent Company loses this power, the Parent Company will have to change the classification of its investment in investee companies.

In identifying the accounting acquirer of the Group, the key determinant considered is the power to govern the financial and operating policies of the other so as to obtain benefits from its activities. BEST is the combining entity whose owners as a group received the largest portion of the voting rights in the Group, hence, is regarded as the accounting acquirer.

As of December 31, 2014 and 2013, BEST holds 60% interest in Ecoedge Resources Corporation (ERC). Joint control exists as decisions about the relevant activities of ERC require the unanimous consent of both BEST and Lafarge Industrial Ecology International, S.A (LIEI), which is supported by the contractual agreement of the parties to the following:

- The affirmative vote of shareholders representing at least 75% of the issued share capital shall be required to pass a shareholders resolution;
- ERC shall be governed by the BOD that will comprise of 5 directors (3 nominated by BEST and 2 nominated by LIEI), whereby 4 directors shall be required to pass a board resolution.

Assessment of significant influence
The Group classifies its investee companies as an associate if the Group has significant influence in the investee company. Significant influence is presumed to exist if the Group has a holding of 20% or more of the voting power of the investee. Holding of less than 20% of the voting power is presumed not to give rise to significant influence, unless it can be clearly demonstrated that there is in fact significant influence.

As of December 31, 2014 and 2013, the Group holds 16% interest in Metro Clark Waste Management Corporation (MCWM). The Group exercise significant influence in MCWM due to the presence of BEST's President in the Board of MCWM. The President of BEST, hence, effectively has a participation in the policy-making processes of MCWM.

Distinction between investment properties and owner occupied properties
The Group determines whether a property qualifies as investment property or owner-occupied property. In making its judgment, the Group considers whether the property generated cash flows largely independently of the other assets held by an entity or for capital appreciation. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the supply of services or for administrative purposes.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the supply of services or for administrative purposes. If these portions cannot be sold separately as of the reporting date, the property is accounted for as investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes. Judgment is applied in determining whether ancilliary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

The disclosures on the Group's investment property and property and equipment are presented in Notes 10 and 11, respectively.

Operating lease - Group as lessor
The Group has entered into various commercial property leases on its investment property and transportation and heavy equipment. The Group has determined that it retains all the significant risks and rewards of ownership of the property as the Group considered, among others, the length of the lease term as compared with the estimated life of the assets. The Group's operating lease contracts are accounted for as cancellable operating leases. In determining whether a lease contract is cancellable or not, the Group considers, among others, the significance of the penalty, including economic consequence to the lessee.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty as of the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years, are discussed below:

Allowance for impairment loss on receivable
The Group maintains allowance for impairment loss on its receivables at a level adequate to provide for any potential uncollectible receivables. The level of this allowance is regularly evaluated by the Group. The Group assesses whether objective impairment exists for the receivable by considering the financial condition and credit history of the counterparty. Moreover, the Group also considers its historical loss experience in assessing collective impairment of receivables. The Group reviews the status of the receivables and identifies amounts that are to be provided with allowance on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in the Group's allowance for impairment loss on receivables would increase the Group's recorded expenses and decrease current assets. As of December 31, 2014 and 2013, the Group recognized allowance for impairment totaling ₱2,733,892 and ₱1,066,172, respectively. The carrying values of receivables are disclosed in Note 5.

Estimated useful lives of investment property and property and equipment
The useful life of each of the Group's investment property and 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 industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each item of investment property and property and equipment 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 expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any investment property and property and equipment would increase the recorded general and administrative expenses and decrease noncurrent assets. Based on the management estimates, there is no need to update the estimated useful lives of investment property and property and equipment in 2014 and 2013. The carrying values of investment property and property and equipment amounted to ₱36.3 million and ₱276.5 million, respectively.

Impairment of non-financial assets
The Group assesses impairment on non-financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results

and significant negative industry or economic trends. The Group recognizes an impairment loss if such indications are present and whenever the carrying amount of an asset exceeds its recoverable amount.

This requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that these assets are impaired. Any resulting additional impairment loss could have a material adverse impact on the Group's financial condition and results of operations.

As of December 31, 2014 and 2013, the Group did not recognize any impairment loss on its nonfinancial assets. The carrying values of investments in an associate and a joint venture, investment property, and property and equipment amounted to ₱91.2 million, ₱36.3 million and ₱276.5 million, respectively (see Notes 8, 10 and 11).

Retirement benefits
The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Net pension liability amounted to ₱416,476 as of December 31, 2014. Further details about the assumptions used are provided in Note 18.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position or disclosed in the notes to the consolidated financial statements cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models such as discounted cash flow technique. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. Please refer to Note 22 for the related balances.

Recoverability of deferred tax assets
The Group's assessment on the recognition of deferred tax assets on non-deductible temporary differences and carry forward benefit of NOLCO is based on the forecasted taxable income of the following reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses. The amount of unrecognized deferred tax assets amounted to ₱3.98 million and ₱3.46 million as of December 31, 2014 and 2013, respectively.

In 2014, the Group recognized previously unrecognized deferred tax assets amounting to ₱52,760 since the management believes that sufficient future taxable income will be available against which the deductible temporary differences can be utilized.

4. Cash and Cash Equivalents

This account consists of:

	2014	2013
Cash on hand	**₱65,000**	₱60,184
Cash in banks	**21,256,523**	5,115,690
Cash equivalents	**–**	30,060,708
	₱21,321,523	₱35,236,582

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents have original maturities of three months or less from dates of placement and earned interest of 1% per annum in 2013.

Interest earned on cash and cash equivalents amounted to ₱73,694, ₱179,993 and ₱15,226 in 2014, 2013 and 2012, respectively.

5. Receivables

This account consists of:

	2014	2013 (As adjusted, Note 21)
Trade receivables		
Related parties (Note 15)	**₱384,426,849**	₱465,952,429
Local government units (LGUs)	**19,588,005**	18,712,849
Private entities	**7,387,673**	5,660,037
	411,402,527	490,325,315
Loans receivable (Note 15)	**31,000,000**	–
Advances to officers and employees	**662,345**	189,178
Interest receivable (Note 15)	**308,260**	–
Advances to suppliers	**83,776**	2,653,799
Others	**1,066,172**	1,066,172
	444,523,080	494,234,464
Less allowance for impairment losses	**2,733,892**	1,066,172
	441,789,188	493,168,292
Less noncurrent portion of trade receivables from related parties	**37,584,527**	44,001,029
	₱404,204,661	₱449,167,263

Trade receivables pertain to receivables from services rendered and rental of equipment earned by BEST in the ordinary course of its business operations. Trade receivables are noninterest-bearing and collectible within one year.

The rollforward analysis of the Group's allowance for impairment losses follows:

	2014	2013
Balance at the beginning of the year	**₱1,066,172**	₱1,066,172
Provision for the year (Note 17)	**1,667,720**	–
Balance at end of year	**₱2,733,892**	₱1,066,172

Allowance for impairment losses as of December 31, 2013 pertains to long-outstanding other receivables of Parent Company which were specifically identified as impaired. In 2014, the Group also recognized additional provision on its receivable from LGUs which was also specifically identified as impaired.

6. Short-Term Deposit

As of December 31, 2013, the Group has short-term deposit with a local bank amounting to ₱100,000,000 in relation to the back-to-back loan credit accommodation obtained by BEST from the local bank on December 28, 2012. This deposit, including the accrued interest, is restricted and can be withdrawn, transferred or encumbered only with the written consent of the local, unless the loans or any part thereof, including interest and other charges thereon, shall have been fully paid or discharged.

Interest income on the short-term deposit, gross of 20% final tax, amounted to ₱851,615 and ₱1,524,834 in 2014 and 2013, respectively.

On March 21, 2014, BEST paid the loan payable to the local bank using the short-term deposit (see Note 13).

7. Other Current Assets

This account consists of:

	2014	2013
Input VAT	**₱18,367,343**	₱22,836,566
Prepayments	**1,976,300**	4,689,910
Creditable withholding taxes	**1,137,430**	1,137,430
Prepaid insurance	**13,333**	87,429
Miscellaneous deposits	**15,669**	15,669
	21,510,075	28,767,004
Less allowance for impairment losses	**4,581,137**	4,364,957
	₱16,928,938	₱24,402,047

The movements in allowance for impairment losses follow:

	2014	2013
Balance at beginning of year	**₱4,364,957**	₱–
Provision for the year (Note 17)	**216,180**	308,371
Effect of business combination	–	4,056,586
Balance at end of year	**₱4,581,137**	₱4,364,957

The Parent Company provided an allowance for impairment on its prepayments, creditable withholding taxes and input VAT amounting to ₱4,581,137 and ₱4,364,957 as of December 31, 2014 and 2013, respectively, due to low probability that these assets may be utilized in the future.

In 2013, the Parent Company's allowance for impairment losses amounting to ₱4,056,586 was consolidated to BEST on the date of the reverse acquisition.

8. **Investments in an Associate and a Joint Venture** - at equity

The details of the Group's investments in an associate and a joint venture accounted for under the equity method as of December 31, 2014 and 2013 follow:

	Associate		Joint Venture		Total	
	Metro Clark Waste Management Corporation (MCWM)		Ecoedge Resources Corporation (ERC)			
	2014	2013	**2014**	2013	**2014**	2013
Investments	**₱32,393,358**	₱32,393,358	**₱2,812,499**	₱2,812,499	**₱35,205,857**	₱35,205,857
Additional investment	**–**	–	**48,600,000**	–	**48,600,000**	–
	32,393,358	32,393,358	**51,412,499**	2,812,499	**83,805,857**	35,205,857
Accumulated share in net earnings (losses):						
Balance at beginning of year	**9,412,455**	9,460,919	**(175,176)**	–	**9,237,279**	9,460,919
Equity in net earnings (losses) of associate and joint venture	**3,135,611**	(48,464)	**(4,977,612)**	(175,176)	**(1,842,001)**	(223,640)
Balance at end of year	**12,548,066**	9,412,455	**(5,152,788)**	(175,176)	**7,395,278**	9,237,279
	₱44,941,424	₱41,805,813	**₱46,259,711**	₱2,637,323	**₱91,201,135**	₱44,443,136

MCWM

MCWM was incorporated on March 6, 2002 with the primary purpose of managing, supervising and operating a waste management system for the efficient, hygienic, and economical collection, segregation, recycling, composting, filling, disposing, treating and managing of commercial, industrial and other waste garbage, refuse and similar items and engaging in related activities. The registered business address of MCWM is at Clark Special Economic Zone, Clark Field Pampanga.

As of December 31, 2014 and 2013, the Group holds 16% interest in MCWM. The Group exercise significant influence in MCWM due to the presence of BEST's President in the Board of MCWM. The President of BEST, hence, effectively has a participation in the policy-making processes of MCWM.

ERC

On November 6, 2013, BEST entered into a joint venture agreement with Lafarge Industrial Ecology International, S.A. (LIEI) to organize and establish ERC to engage in the development, utilization of renewable energy sources for non-power applications, and in particular, the production, processing, packaging, distribution and/or sale of fuel generated from municipal solid waste, such as refuse derived fuel, and pursuant thereto, to establish renewable energy systems or facilities, and to engage in any activity pursuant or incidental thereto. ERC was incorporated on November 27, 2013 and its registered address is Unit 103, GF Prestige Tower Condominium, F. Ortigas Jr. Road, Ortigas Center, Pasig City.

As of December 31, 2014, BEST holds 60% interest in ERC. Joint control exists as decisions about the relevant activities of ERC require the unanimous consent of both BEST and LIEI, which is supported by the contractual agreement of the parties to the following:

- The affirmative vote of shareholders representing at least 75% of the issued share capital shall be required to pass a shareholders resolution;

- ERC shall be governed by the BOD that will comprise of 5 directors (3 nominated by BEST and 2 nominated by LIEI), whereby 4 directors shall be required to pass a board resolution.

The financial information of the associate and joint venture as of and for the years ended December 31, 2014 and 2013 follows:

	MCWM		ERC	
	2014	2013	**2014**	2013
Cash and cash equivalents	**₱34,303,580**	₱9,521,903	**₱4,327,975**	₱4,687,500
Current assets	**₱102,305,183**	₱80,110,481	**₱11,133,596**	₱4,687,500
Noncurrent assets	**208,159,127**	203,316,145	**113,679,939**	–
Total assets	**₱310,464,310**	₱283,426,626	**₱124,813,535**	₱4,687,500
Current liabilities	**₱15,499,051**	₱19,025,684	**₱51,989,017**	₱291,960
Noncurrent liabilities	**40,086,467**	27,826,450	**–**	–
Total liabilities	**₱55,585,518**	₱46,852,134	**₱51,989,017**	₱291,960
Revenue	**₱ 175,606,767**	₱124,279,983	**₱380,221**	₱–
Depreciation and amortization	**57,273,232**	42,272,140	**1,599,07**	–
Interest expense	**2,257,819**	2,312,213	**463,177**	–
Interest income	**815,820**	837,672	**42,937**	–
Net income (loss)	**19,597,571**	(302,890)	**(8,296,021)**	(291,960)
Net assets	**254,878,792**	236,574,492	**72,824,518**	4,395,540
Ownership interest	**16%**	16%	**60%**	60%
	40,780,607	37,851,919	**43,694,711**	2,637,323
Other adjustments	**4,160,817**	3,953,894	**2,565,000**	–
Carrying value of investment	**₱44,941,424**	₱41,805,813	**₱46,259,711**	₱2,637,323

There are no significant restrictions on the ability of the associates to transfer funds to the Group in the form of cash dividends or to repay loans or advances made by the Group.

9. Deposits

As of December 31, 2014 and 2013, BEST made deposits to GSIS as surety bond amounting to ₱3,155,365. These deposits were made in favor of BEST's contracting parties, which are government offices, so that the completion of the project is guaranteed. If the Group fails to execute the services according to the specifications laid out in the respective contracts, the government offices will receive guaranteed compensation for any monetary loss up to the amount of the performance bond.

10. Investment Property

The Group owns two condominium units located in Pasig City. The one unit is being used by BEST while the other unit is being leased out to related parties. The allocated cost and accumulated depreciation of the transferred condominium units are allocated based on the area (in square meters) of the space leased out (see Notes 15 and 21).

Cost and accumulated depreciation of the Group's investment property follow:

	2014	2013
Cost:		
Transfer from property and equipment (Note 11)	**₱38,535,329**	₱38,535,329
Accumulated depreciation:		
Balance at beginning of year	**1,101,010**	–
Depreciation (Note 16)	**1,117,443**	1,101,010
	2,218,453	1,101,010
Net book value	**₱36,316,876**	₱37,434,319

Rent income earned from the investment property amounted to ₱1.00 million and ₱1.50 million in 2014 and 2013, respectively.

A report by an independent appraiser dated January 7, 2015 indicated that the fair market value of the investment property amounted to ₱39.3 million as of December 31, 2014.

The fair value of the investment property was arrived at using the Sales Comparison Approach, which is a comparative approach to value that considers the sales of similar or substitute properties and related market date and establishes a value estimate by processes involving comparison. Listings and offerings may also be considered. The properties used as basis for comparison are situated within the subject building or in other comparable condominium buildings nearby.

11. Property and Equipment

This account consists of:

	2014					
	Land	**Condominium unit and Improvements**	**Transportation and Heavy Equipment**	**Office Furniture and Fixtures**	**Development Cost**	**Total**
Cost						
At January 1	**₱115,252,700**	**₱36,962,660**	**₱123,116,870**	**₱2,401,685**	**₱104,146,099**	**₱381,880,014**
Additions	**–**	**–**	**697,501**	**789,457**	**–**	**1,486,958**
At December 31	**115,252,700**	**36,962,660**	**123,814,371**	**3,191,142**	**104,146,099**	**383,366,972**
Accumulated Depreciation and Amortization						
At January 1	**–**	**1,061,722**	**28,760,361**	**511,766**	**56,938,361**	**87,272,210**
Depreciation and amortization (Notes 16 and 17)	**–**	**1,183,307**	**11,413,097**	**830,152**	**6,172,830**	**19,599,386**
At December 31	**–**	**2,245,029**	**40,173,458**	**1,341,918**	**63,111,191**	**106,871,596**
Net Book Value	**₱115,252,700**	**₱34,717,631**	**₱83,640,913**	**₱1,849,224**	**₱41,034,908**	**₱276,495,376**

	2013					
	Land	Condominium unit and Improvements	Transportation and Heavy Equipment	Office Furniture and Fixtures	Development Cost (As adjusted, Note 21)	Total
Cost						
At January 1	₱115,252,700	₱75,497,989	₱123,116,870	₱2,401,685	₱104,119,313	₱420,388,557
Additions	–	–	–	–	26,786	26,786
Transfer to investment property (Note 10)	–	(38,535,329)	–	–	–	(38,535,329)
At December 31	115,252,700	36,962,660	123,116,870	2,401,685	104,146,099	381,880,014
Accumulated Depreciation and Amortization						
At January 1	–	–	27,057,174	472,174	53,122,472	80,651,820
Depreciation and amortization (Notes 16 and 17)	–	1,061,722	1,703,187	39,592	3,815,889	6,620,390
At December 31	–	1,061,722	28,760,361	511,766	56,938,361	87,272,210
Net Book Value	₱115,252,700	₱35,900,938	₱94,356,509	₱1,889,919	₱47,207,738	₱294,607,804

The Group's property and equipment have no restrictions or not pledged as security for any liability.

In 2013, the Group entered into a finance lease agreement with a local lending company for two units of transportation equipment costing ₱6,608,000 in total. The carrying value of the transportation equipment is ₱5,742,329 as of December 31, 2014. Interest expense incurred amounted to ₱340,489 and ₱21,460 in 2014 and 2013, respectively.

The cost of fully depreciated property and equipment still being used in the operations amounted to ₱10,175,193 and ₱12,026,284 as of December 31, 2014 and 2013, respectively.

12. Trade and Other Payables

This account consists of:

	2014	2013
Trade payable		
Related parties (Note 15)	**₱10,040,244**	₱51,618,768
Third parties	**7,188,170**	5,657,564
	17,228,414	57,276,332
Payable to government agencies	**63,303,405**	51,156,217
Provision (Note 17)	**1,167,512**	–
Accrued expenses	**699,299**	2,971,365
Others	**78,188**	–
	₱82,476,818	₱111,403,914

Trade and other payables are non-interest-bearing and are generally settled within one year.

Trade payables comprise of payables in the contracting and consulting operations of BEST to provide waste disposal services. Trade payables to third parties comprise of cash deposits or advances made by the contracting parties, who are customers of BEST to whom BEST is committed to render its services, for the acquisition of necessary materials from suppliers in line with contracted services, which are unsecured, non-interest-bearing, and have no fixed term of repayment.

Payable to government agencies pertain to output tax payable, documentary stamp tax, withholding tax on compensation and expanded withholding tax. These also include liabilities arising from contributions to Social Security System, Philippine Health Insurance Corporation and Pag-IBIG Fund, which are remitted within one month from reporting date.

Provision pertains to accrual for deficiency taxes paid subsequent to reporting period.

Accrued expenses pertain to unreleased checks and accruals of professional fees and salaries and wages. These are non-interest-bearing and payable within 30 days.

13. **Loans Payable**

On December 28, 2012, BEST obtained a loan from local bank for working capital requirements under a back-to-back loan credit accommodation amounting to ₱100,000,000 with interest rate ranging from 3.75% to 4.20% per annum, via a one year promissory note being reviewed and discounted every 30 days at prevailing market rate. This loan is secured by a deed of assignment on the Group's time deposits with the same bank amounting to ₱100,000,000, which can be withdrawn, transferred or encumbered only with a written consent of the local bank, unless the loans or any part thereof, including interest and other charges thereon, shall have been fully paid or discharged (see Note 6).

Interest expense on loans payable amounted to ₱604,167 and ₱4,190,075 in 2014 and 2013, respectively.

On March 21, 2014, BEST settled the loan with the local bank using the short-term deposit of BEST (see Note 6).

14. **Equity**

Capital Stock

The authorized capital stock of MIC follows with ₱1 par value per share:

	2014	2013
Authorized number of shares:		
At the beginning of the year	**740,000,000**	240,000,000
Increase in shares authorized to issue	–	500,000,000
At the end of the year	**740,000,000**	740,000,000
Number of shares issued and outstanding:		
At the beginning of the year	**690,000,000**	190,000,000
Issuance of shares of stock	–	500,000,000
At the end of the year	**690,000,000**	690,000,000

In accordance with Annex 68-D of SRC Rule 68 (As Amended) (2011), below is a summary of MIC's track record of registration of securities.

Common Shares	**Number of Shares Registered**	**Issue/Offer Price**	**Date of Approval**
180,000,000	180,000,000	₱1.00	August 31, 1995
10,000,000	10,000,000	1.00	April 14, 2010
500,000,000	500,000,000	1.00	June 11, 2013
690,000,000	690,000,000		

MIC's total number of shareholders is 121 and 124 as of December 31, 2014 and 2013, respectively.

Subscriptions
On February 8, 2013, the stockholders of MIC representing at least two thirds of the outstanding capital stock approved the subscription by the following companies with in the IPM group 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 at a total subscription price of ₱500,000,000, which was paid as follows: (a) IPMCDC, ₱350,000,000; (b) IPMESI, ₱100,000,000; and (c) IPMRDC, ₱50,000,000.

The Parent Company received the deposits on stock subscription on February 11, 2013 and February 12, 2013 amounting to ₱50,000,000 and ₱450,000,000, respectively.

The deposits for stock subscriptions were then transferred to common shares following the approval of the SEC of MIC's application for increase in authorized capital stock on June 11, 2013.

Retained earnings
For purposes of dividend declaration, the retained earnings shall be that of the legal parent presented in the separate financial statements. As of December 31, 2014 and 2013, the Parent Company is in a deficit position hence no dividends were declared during the years covered.

The details of MIC's deficit are as follows:

	2014	2013	2012
Balance at beginning of year	**₱195,870,153**	₱188,411,388	₱186,554,149
Net loss during the year	**3,733,801**	7,458,765	1,857,239
	₱199,603,954	₱195,870,153	₱188,411,388

Appropriations
BEST's BOD approved the appropriation of retained earnings as follows:

Date of Appropriation	Amount
March 31, 2009	₱7,500,000
April 8, 2010	2,500,000
April 13, 2011	500,000
April 12, 2012	4,303,219
	₱14,803,219

The appropriations made by BEST represent continuing appropriation for future capital expenditures and property acquisitions in the field of waste to energy technology. Each year, BEST incurs capital expenditures and property acquisitions. The appropriations are being fully utilized to cover part of the annual expenditure requirement of BEST.

Noncontrolling Interests
On June 16, 2014, the other stockholders of BEST made additional investments amounting to ₱20,250,000.

15. Related Party Transactions

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 Group; (b) associates; and (c) individual owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individuals.

The following table provides the total amount of transactions and outstanding balances that have been entered into with related parties for the relevant financial year:

2014

Category	Amount	Outstanding Balance	Terms	Conditions
Trade receivables (Note 5)				
Parent				
IPMCDC (a)	**₱80,977,297**	**₱4,975,223**	Non-interest-bearing within one year	Unsecured, no impairment
Shareholders				
IPMESI (b)	**258,267,416**	**376,214,533**	Non-interest-bearing within one year	Unsecured, no impairment
IPMRDC (c)	**4,875,148**	**3,234,093**	Non-interest-bearing within one year	Unsecured, no impairment
Joint Venture				
ERC (d)	**3,000**	**3,000**	Non-interest-bearing within one year	Unsecured, no impairment
		₱384,426,849		
Due from				
Joint venture				
ERC (d)	**₱449,202**	**₱716,162**	Non-interest-bearing on demand	Unsecured, no impairment
Loans receivable (Note 5)				
Joint venture				
ERC (k)	**₱31,000,000**	**₱31,000,000**	Interest-bearing due within one year	Unsecured, no impairment
Interest receivable (Note 5)				
ERC (k)	**₱308,260**	**₱308,260**	Due within one year	Unsecured, no impairment
		31,308,260		
Trade payables (Note 12)				
Parent				
IPMCDC (f)	**₱42,078,525**	**₱10,040,244**	Non-interest-bearing within one year	Unsecured
Due to				
Parent				
IPMCDC (g)(h)	**₱2,758,786**	**₱2,758,786**	Non-interest-bearing on demand	Unsecured
Shareholder				
IPMESI (g)	–	**2,279,908**	Non-interest-bearing on demand	Unsecured
Affiliate				
GNCA Holdings, Inc. (GNCA) (i)	**180,000**	–	Non-interest-bearing due and demandable	Unsecured
		₱5,038,694		

2013

Category	Amount	Outstanding Balance	Terms	Conditions
Trade receivables (Note 5)				
Parent				
IPMCDC (a)	₱30,158,700	₱42,726,753	Non-interest-bearing within one year	Unsecured, no impairment
Shareholders				
IPMESI (b)	227,473,189	422,202,051	Non-interest-bearing within one year	Unsecured, no impairment
IPMRDC (c)	2,162,550	1,023,625	Non-interest-bearing within one year	Unsecured, no impairment
IPM Trading (e)	812,072	–	Non-interest-bearing within one year	Unsecured, no impairment
		₱465,952,429		
Due from				
Joint venture				
ERC (d)	₱266,960	₱266,960	Non-interest-bearing on demand	Unsecured, no impairment
Trade payables (Note 12)				
Parent				
IPMCDC (f)	₱9,508,928	₱9,508,928	Non-interest-bearing within one year	Unsecured
Shareholder				
IPM Trading (f)	103,964,670	42,109,840	Non-interest-bearing within one year	Unsecured
		₱51,618,768		
Due to				
Parent				
IPMCDC (g)(h)	₱–	₱100,000,000	Non-interest-bearing on demand	Unsecured
Shareholder				
IPMESI (g)	–	2,279,908	Non-interest-bearing on demand	Unsecured
IPMRDC (g)	241,894	241,894	Non-interest-bearing on demand	Unsecured
Affiliate				
GNCA Holdings, Inc. (GNCA) (i)	180,000	–	Non-interest-bearing on demand	Unsecured
		₱102,521,802		

a. BEST provides composting of waste materials services to IPMCDC and charges tipping fees, and composting and waste processing fees based on the cubic meters of waste processed for the period. In 2014, BEST charged IPMCDC for transportation equipment rental fees.

b. BEST has an existing contract with IPMESI for the operation and maintenance of an Integrated Solid Waste Management Facility for a fixed monthly fee of ₱17,451,854. BEST also has a separate contract with IPMESI for the development of an Integrated Ecological Solid Waste Management Facility for a fixed monthly fee of ₱2,000,000 or 7.5% of the gross monthly income of the landfill for a period of five (5) years starting August 2010, whichever is higher (see Note 21). In 2013, BEST charged IPMESI for transportation equipment rental fees.

c. In January 2013, BEST leased part of its office space to IPMRDC for a monthly rental fee of ₱139,837, inclusive of VAT (see Note 21).

d. BEST provided advances to ERC in line with its start-up operations. The advances are non-interest-bearing and payable on demand.

e. In 2013, IPM Trading rented BEST's transportation equipment. There was no outstanding receivable from this transaction as of December 31, 2014 and 2013.

f. IPMCDC and IPM Trading charges BEST for the rental of equipment, subcontracted services, salaries and wages, fuel and oil and repairs and maintenance expenses incurred in line with the operations of BEST.

g. Due to IPMCDC, IPMESI and IPMRDC are for various reimbursable expenses advanced by the related parties on behalf of BEST. These advances are non-interest bearing and are due and on demand.

h. On December 28, 2012, BEST obtained advances from IPMCDC amounting to ₱100,000,000 for working capital requirements. These advances are non-interest bearing and are due on demand. BEST paid IPMCDC in 2014 amounted to ₱100,000,000.

i. MIC entered into an agreement with GNCA, an entity controlled by one of MIC's director, for the sharing of common costs incurred on the leased office space of MIC. The agreement provides that MIC shall pay fixed monthly utility charges of ₱15,000 in 2014 and 2013, in lieu of its proportionate share in monthly rentals on the leased premises.

j. In 2014, the BOD of MIC approved the grant of per diem to members of the BOD for every attendance in the regular meetings of the BOD. Total per diem paid to the directors amounted to ₱240,000 in 2014 (see Note 17).

k. In 2014, the Group granted one year loans to ERC amounting to ₱19 million with 3.8640% interest rate which will be due on November 1, 2015 and ₱12 million with 3.718% interest which will be due on July 31, 2015. As of December 31, 2014, accrued interest receivable amounted to ₱308,260.

Compensation of Key Management Personnel of the Group

Details of the compensation of key management personnel of the Group are as follows:

	2014	2013	2012
Salaries and other short-term employee benefits	**₱4,474,290**	₱4,343,971	₱3,099,574

16. Cost of Services

This account consists of:

	2014	2013 (As adjusted, Note 21)	2012 (As adjusted, Note 21)
Rent (Note 15)	**₱55,457,000**	₱46,558,877	₱43,343,615
Contract costs (Note 15)	**28,027,685**	29,958,507	14,316,953

(Forward)

	2014	2013 (As adjusted, Note 21)	2012 (As adjusted, Note 21)
Depreciation and amortization (Notes 10 and 11)	**₱20,380,811**	₱7,672,955	₱17,955,024
Materials and tools (Note 15)	**16,077,897**	9,712,638	14,015,279
Fuel and oil (Note 15)	**15,037,713**	17,349,510	8,752,743
Repairs and maintenance (Note 15)	**9,479,300**	24,060,874	10,040,494
Salaries and wages (Note 15)	**4,806,206**	4,734,835	5,154,854
Transportation and travel	**547,821**	115,066	13,682
Taxes and licenses	**337,175**	813,224	125,135
Supplies	**225,459**	271,403	44,948
Utilities	**137,616**	223,939	280,065
Others	**100,064**	610,529	349,185
	₱150,614,747	₱142,082,357	₱114,391,977

17. **General and Administrative Expenses**

This account consists of:

	2014	2013	2012
Taxes and licenses	**₱15,394,076**	₱8,294,871	₱1,775,581
Salaries, wages and employee benefits (Notes 15 and 18)	**8,471,198**	7,064,978	2,262,379
Professional fees	**2,272,148**	1,560,025	292,937
Provision (Note 12)	**1,167,512**	–	–
Utilities (Note 15)	**903,694**	899,358	102,884
Provision for impairment losses (Notes 5 and 7)	**1,883,900**	308,371	–
Office supplies and printing costs	**777,582**	703,708	125,492
Entertainment, amusement and recreation	**705,550**	304,750	749,410
Repairs and maintenance	**580,590**	349,770	27,120
Stock exchange listing fee	**542,918**	2,026,593	–
Depreciation (Note 11)	**336,018**	48,445	14,003
Insurance	**253,614**	–	–
Directors' fee (Note 15)	**240,000**	220,000	–
Pension expense (Note 18)	**283,003**	44,670	–
Transportation and travel	**215,327**	301,943	3,899,448
Fuel and oil	**31,968**	80,463	194,769
Net interest cost on retirement benefit obligation (Note 18)	**7,299**	8,242	–
Rent	**6,000**	278,445	682,661
Others	**782,826**	479,794	379,595
	₱34,855,223	₱22,974,426	₱10,506,279

18. **Pension Plan**

The Group has a non-contributory defined benefit pension plan that covers all regular full-time employees. Under its defined benefit plan, the Group provides a retirement benefit equal to 22.5 days' pay for every year of credited service in accordance with the Retirement Pay Law (RA 7641). The benefit is paid lump sum upon retirement or separation in accordance with the terms of the plan. The law does not require minimum funding of the plan.

The Group's retirement fund is administered by Metropolitan Bank and Trust Company (the Trustee) under the supervision of the Board of Trustees (BOT) of the plan which delegates the implementation of the investment policy to the Trustee. The fund is subject to the investment objectives and guidelines established by the Trustee and rules and regulations issued by Bangko Sentral ng Pilipinas covering assets under trust and fiduciary agreements. The Trustee is responsible for the investment strategy of the plan.

The latest actuarial valuation date of the Group's retirement plan is as of December 31, 2014.

The following tables summarize the components of plan expense recognized in profit or loss and other comprehensive income and the funded status and amounts recognized in the consolidated statements of financial position for the plan:

	2014		
	Present value of defined benefit obligation	**Fair value of plan assets**	**Net pension liability**
At January 1	**₱517,797**	**(₱341,929)**	**₱175,868**
Benefit cost in profit or loss			
Current service cost (Note 17)	**283,003**	**–**	**283,003**
Net interest expense (Note 17)	**21,489**	**–**	**21,489**
Interest income (Note 17)	**–**	**(14,190)**	**(14,190)**
Remeasurements in other comprehensive income			
Remeasurement loss - return on plan asset	**–**	**11,121**	**11,121**
Actuarial gain - changes in financial assumptions	**(65,505)**	**–**	**(65,505)**
Actuarial loss - changes in experience	**4,690**	**–**	**4,690**
At December 31	**₱761,474**	**(₱344,998)**	**₱416,476**

	2013		
	Present value of defined benefit obligation	Fair value of plan assets	Net pension liability
At January 1	₱145,616	₱–	₱145,616
Benefit cost in profit or loss			
Current service cost (Note 17)	44,670	–	44,670
Interest expense (Note 17)	8,242	–	8,242
Remeasurements in other comprehensive income			
Actuarial loss - changes in financial assumptions	83,292	–	83,292
Actuarial loss - changes in demographic assumptions	57,146	–	57,146
Actuarial loss - changes in experience	178,831	–	178,831
Contributions	–	(341,929)	(341,929)
At December 31	₱517,797	(₱341,929)	₱175,868

The Group's plan assets are invested in mutual funds. The carrying value of the Group's plan assets approximates the fair value since the investments in mutual funds have quoted prices in active markets. The plan assets do not have any concentration risk.

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

The present value of the pension obligation is determined using an actuarial valuation, which involves making various assumptions. The principal assumptions used in determining pension benefits are as follows:

	2014	2013
Discount rate	**4.95%**	4.15%
Salary increase rate	**2.00%**	2.00%

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

		Increase (decrease) in defined benefit obligation	
	Change in variable	**2014**	2013
Discount rate	+100 bps	**(₱71,355)**	(₱57,631)
	-100 bps	**83,212**	69,229
Salary increase rate	+100 bps	**77,907**	65,087
	-100 bps	**(68,283)**	(55,249)

The Group expects to pay retirement benefits in 2016 amounting ₱108,375 and in 2017 amounting to ₱176,868. The weighted average duration of the defined benefit obligation is 11.7 years.

19. **Income Tax**

The provision for income tax recognized in profit or loss consists of:

	2014	2013	2012
Current	**₱33,571,091**	₱31,613,780	₱21,535,220
Final	**185,062**	340,965	3,045
Deferred	**(640,167)**	–	–
	₱33,115,986	₱31,954,745	₱21,538,265

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

	2014	2013
NOLCO	**₱12,199,823**	₱10,285,862
Allowance for impairment losses	**1,066,172**	1,066,172
Net pension liability	–	175,868
	13,265,995	11,527,902
Tax rate	**30%**	30%
	₱3,979,799	₱3,458,371

The Group's deferred tax assets were not recognized in the books because management believes that it is not probable that taxable profits will be available in the future against which these can be utilized. The Group 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.

In 2014, BEST recognized the previously unrecognized deferred tax assets amounting to ₱52,760 since management believes that future taxable income will allow the deferred tax assets to be utilized. BEST also recognized deferred tax liability amounting to ₱14,908 arising from remeasurement gain on retirement benefit obligation.

The components of the Groups recognized deferred tax assets as of December 31, 2014 follow:

Allowance for impairment losses	**₱1,667,720**
Net pension liability	**416,476**
	2,084,196
Tax rate	**30%**
	₱625,259

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

	2014	2013	2012
At statutory tax rate	**₱28,303,127**	₱22,141,915	₱22,720,816
Add (deduct) tax effects of:			
Nondeductible expense	**3,334,254**	7,749,870	11,959
Change in unrecognized deferred tax assets	**1,018,536**	2,166,350	–
Equity in net losses (income) of an associate and a joint venture	**552,600**	67,092	(1,192,987)
Interest income subjected to final tax	**(92,531)**	(170,482)	(1,523)
Effective income tax	**₱33,115,986**	₱31,954,745	₱21,538,265

NOLCO of the Parent Company as of December 31, 2014 consists of:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Date
2014	₱3,354,805	₱–	₱–	₱3,354,805	2017
2013	7,137,132	–	–	7,137,132	2016
2012	1,707,886	–	–	1,707,886	2015
2011	1,440,844	–	1,440,844	–	2014
	₱13,640,667	₱–	₱1,440,844	₱12,199,823	

20. **Basic/Diluted Loss per Share**

Basic/diluted loss per share was computed as follows:

	2014	2013	2012
Net income (a)	**₱61,227,771**	₱41,851,637	₱54,197,789
Weighted average number of outstanding common share (b)	**690,000,000**	469,452,055	190,000,000
Basic/diluted loss per share (a/b)	**₱0.09**	₱0.09	₱0.29

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

21. **Commitments**

As of December 31, 2014 and 2013, the Group has the following contractual commitments:

- On December 23, 2011, BEST entered into a contractual agreement with IPMCDC, the ultimate parent, to undertake composting of waste materials. The contract is renewable every year (see Note 15).

- BEST entered into a contractual commitment with IPMESI, a stockholder of the Parent Company, to undertake the following, subject to renewal and extensions, if any:

  a) Operation and Maintenance of Integrated Solid Waste Management Facility for a fixed monthly fee of ₱17,451,854 per month renewed. This agreement was renewed on March 28, 2014 for the period covering January 1, 2014 to December 31, 2014.
  b) Development of an Integrated Ecological Solid Waste Management Facility for a fixed monthly fee of ₱2,000,000 or 7.5% of the gross monthly income of the landfill for a period of five (5) years starting in August 2010 (see Note 15). In 2014, it was determined that costs associated with the Company's contractual commitment with IPM ESI to undertake the development of an Integrated Ecological Solid Waste Management Facility were capitalized as part of the Company's "Property and Equipment" instead of "Receivables". The balances of receivables, property and equipment, revenue and cost of services have been adjusted to properly reflect the transaction. This resulted to a decrease in revenue and cost of services amounting to ₱25.22 million and ₱15.28 million in 2013 and 2012, respectively. Adjustments on receivables and property and equipment amounted to ₱85.58 million and ₱110.80 million as of December 31, 2013 and 2012, respectively (see Note 15). These adjustments have no impact to the Group's net income and EPS for the years ended December 31, 2013 and 2012 and to the Group's total assets, total liabilities, retained earnings and equity as of December 31, 2013 and January 1, 2013.

- On April 23, 2012, BEST entered into a contractual commitment to provide garbage hauling and disposal services for the Municipality of Taytay, Rizal for a consideration of ₱349 per cubic meter or a total of 45,845 cubic meters of waste hauled to the landfill facility amounting to ₱15,999,905. The agreement ended in June 2013 when the total computed volume of 45,845 cubic meters of waste had already been completely hauled to the landfill facility. The outstanding receivable to the municipality amounted to ₱14,105,761 and no income was recognized in 2014.

- On December 28, 2012, BEST has renewed its contractual commitments to accommodate the residual waste from the Municipalities of Baras, Cardona and Tanay in Rizal for a consideration amounting to ₱600 per ton of municipal solid waste delivered at the Morong Engineered Sanitary Landfill located in Morong, Rizal as tipping fee. The agreement shall be effective for one year, renewable every year under the same terms and conditions unless, otherwise, mutually agreed upon by the parties. The outstanding receivable to the municipalities amounted to ₱2,735,420 and ₱1,779,123 as of December 31, 2014 and 2013, respectively. The Group recognized income from the services rendered amounting to ₱3,282,133 in 2014.

- BEST entered into a contractual commitment with Lafarge Republic, Inc. (LRI) to provide hauling services for the hauling of Refuse-Derived Fuel from Payatas Landfill site in Quezon City to LRI Plants. The contract shall be effective from July 1, 2013 to June 30, 2014, renewable upon mutual agreement of the parties. The outstanding receivable to LRI amounted to ₱2,997,575 and ₱3,891,467 as of December 31, 2014 and 2013, respectively. The Group recognized income from the services rendered amounted to ₱3,739,364 in 2014.

- On February 27, 2013, BEST has renewed its contractual commitment to accommodate the residual waste from the Municipality of Teresa, Rizal for a consideration amounting to ₱600 per ton of municipal solid waste delivered at the Morong Engineered Sanitary Landfill located in Morong, Rizal as tipping fee. The agreement shall be effective for one year, renewable every year under the same terms and conditions unless, otherwise, mutually agreed upon by the parties. The outstanding receivable to the municipality amounted to ₱1,545,454 and ₱1,626,595 as of December 31, 2014 and 2013, respectively. The Group recognized income from the services rendered amounted to ₱1,748,469 in 2014.

- On May 23, 2013, BEST has renewed its contractual commitment to accommodate the residual waste from the Municipality of Morong, Rizal for a consideration amounting to ₱300 per ton of municipal solid waste delivered at the Morong Engineered Sanitary Landfill located in Morong, Rizal as tipping fee. The agreement shall be effective for one year, renewable every year under the same terms and conditions unless, otherwise, mutually agreed upon by the parties. The outstanding receivable to the municipality amounted to ₱1,201,369 as of December 31, 2014 and no income was recognized in 2014.

- On August 13, 2013, BEST has renewed its contractual commitment to accommodate the residual waste from the Municipality of Teresa, Rizal for a consideration amounting to ₱500 per ton of municipal solid waste delivered at the Morong Engineered Sanitary Landfill located in Morong, Rizal as tipping fee. The agreement shall be effective for one year, renewable every year under the same terms and conditions unless, otherwise, mutually agreed upon by the parties.

- In January 2014, BEST has entered into an operating lease agreement on its investment property with IPMRDC. Rental income amounted to ₱998,839 in 2014 (see Note 15).

22. **Financial Risk Management Objectives and Policies**

The Group's principal financial assets and liabilities comprise of cash and cash equivalents, receivables, short-term deposits, due to/from related parties and loans payable. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group has established a risk management function with clear terms of reference and with the responsibility for developing policies on credit risk, liquidity risk, and market risks. It also supports the effective implementation of policies. The policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets to the corporate goals and specify reporting requirements.

The main risk arising from the Group's consolidated financial statements are credit risk, liquidity risk, and market risks. The BOD reviews and approves the policies for managing each of these risks which are summarized below:

<u>Credit risk</u>
Credit risk arises when the counterparty to a financial asset of the Group is unable to fulfill its obligation in time the obligation becomes due. Credit risk arises from the Group's financial assets, which comprise cash and cash equivalents, trade receivables and short-term deposits Credit risk pertains to the risk that a party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

The table below shows the maximum exposure to credit risk of the financial assets of the Group:

	2014	2013
Loans and receivables:		
Cash and cash equivalents*	**₱21,256,523**	₱35,176,398
Receivables:		
Trade	**409,734,807**	404,740,787
Loan	**31,000,000**	–
Interest	**308,260**	–
Due from a related party	**716,162**	266,960
Short-term deposit	–	101,219,867
	₱463,015,752	₱541,404,012

**excluding cash on hand*

The gross maximum exposure to credit risk of the Group approximates its net maximum exposure. There were no amounts that are set-off in accordance with the requirements of PAS 32. There were no amounts subject to an enforceable master-netting arrangement or similar agreement as of December 31, 2014 and 2013.

The aging analysis of financial assets as of December 31, 2014 and 2013 follows:

	2014				
	Neither Past Due nor Impaired	**Past Due but not Impaired**			
	High Grade	**31 to 60 Days**	**61 to 90 days**	**Impaired**	**Total**
Financial assets:					
Loans and receivables:					
Cash and cash equivalents*	**₱21,256,523**	**₱–**	**₱–**	**₱–**	**₱21,256,523**
Receivables:					
Trade	**86,781,025**	**23,029,397**	**298,256,665**	**1,667,720**	**409,734,807**
Loans	**31,000,000**	**–**	**–**	**–**	**31,000,000**
Interest	**308,260**	**–**	**–**	**–**	**308,260**
Others	**–**	**–**	**–**	**1,066,172**	**1,066,172**
Due from a related party	**716,162**	**–**	**–**	**–**	**716,162**
	₱140,061,970	**₱23,029,397**	**₱298,256,665**	**₱2,733,892**	**₱464,081,924**

**excluding cash on hand*

	2013				
	Neither Past Due nor Impaired	Past Due but not Impaired			
	High Grade	31 to 60 Days	61 to 90 days	Impaired	Total
Financial assets:					
Loans and receivables:					
Cash and cash equivalents*	₱35,176,398	₱–	₱–	₱–	₱35,176,398
Receivables:					
Trade	24,932,330	15,480,895	364,327,562	–	404,740,787
Others	–	–	–	1,066,172	1,066,172
Due from a related party	266,960	–	–	–	266,960
Short-term deposits	101,219,867	–	–	–	101,219,867
	₱161,595,555	₱15,480,895	₱364,327,562	₱1,066,172	₱542,470,184

**excluding cash on hand*

High grade assets are considered as having very low risk and can easily be converted to cash. These assets are considered for counterparties that possess strong to very strong capacity to meet their obligations.

The Group trades with only recognized, creditworthy third parties; thus, there is no requirement for collateral. 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 Group's exposure to debts is not significant. There are no significant concentrations of credit risk within the Group.

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. 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 the dynamic nature of the underlying business, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Group 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 Group also maintains accounts with several relationship banks to avoid significant concentration of cash with one institution.

The table below summarizes the maturity profile of the Group's nonderivative financial assets and liabilities as of December 31, 2014 and 2013 based on contractual undiscounted payments:

	2014					
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than One Year**	**No Term**	**Total**
Financial assets						
Loans and receivables:						
Cash and cash equivalents	**₱21,321,523**	**₱–**	**₱–**	**₱–**	**₱–**	**₱21,321,523**
Receivables:						
Trade	**349,818,000**	**–**	**22,332,280**	**37,584,527**	**–**	**409,734,807**
Loan	**–**	**–**	**31,000,000**	**–**	**–**	**31,000,000**
Interest	**–**	**–**	**308,260**	**–**	**–**	**308,260**
Due from a related party	**716,162**	**–**	**–**	**–**	**–**	**716,162**
	₱371,855,685	**₱–**	**₱53,640,540**	**₱37,584,527**	**₱–**	**₱463,080,752**
Financial liabilities						
Trade and other payables (excluding taxes payable)	**₱–**	**₱18,005,901**	**₱–**	**₱–**	**₱–**	**₱18,005,901**
Due to related parties	**5,038,694**	**–**	**–**	**–**	**–**	**5,038,694**
	₱5,038,694	**₱18,005,901**	**₱–**	**₱–**	**₱–**	**₱23,044,595**

	2013					
	On Demand	Less than 3 Months	3 to 12 Months	More than One Year	No Term	Total
Financial assets						
Loans and receivables:						
Cash and cash equivalents	₱5,175,874	₱30,060,708	₱–	₱–	₱–	₱35,236,582
Trade receivables	379,808,457	–	24,932,330	–	–	404,740,787
Due from a related party	266,960	–	–	–	–	266,960
Short-term deposits	–	–	101,219,867	–	–	101,219,867
	₱385,251,291	₱30,060,708	₱126,152,197	₱–	₱–	₱541,464,196
Financial liabilities						
Trade and other payables (excluding taxes payable)	₱57,276,332	₱2,971,365	₱–	₱–	₱–	₱60,247,697
Due to related parties	–	–	–	–	102,521,802	102,521,802
Loans payable	–	100,000,000	–	–	–	100,000,000
	₱57,276,332	₱102,971,365	₱–	₱–	₱102,521,802	₱262,769,499

Market risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise risks such as interest rate risk, equity price risk, and foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans payable with interest rates that are repriced every 30 days at prevailing market rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates for the next quarter, with all other variables held constant, of the Parent Company's income before tax (through the impact on floating rate borrowings in 2013):

Increase (decrease) in interest rates	Effect on income before tax increase (decrease)
1.00%	(₱100,000)
(1.00%)	100,000

Foreign currency risk
The Group is not exposed to foreign currency exchange rate risk since it has no financial instruments denominated in foreign currency.

Capital Management
The primary objective of the Group'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 Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

The Group's risk management function has developed and implemented certain minimum stress and scenario tests for identifying the risk to which the Group is exposed, quantifying their impact on the volatility of economic capital. The results of these tests, particularly, the anticipated impact on the realistic statement of financial position and revenue account, are reported to the Group's risk management function. The risk management function then considers the aggregate impact of the overall capital requirement revealed by the stress testing to assess how much capital is needed to mitigate the risk of insolvency to a selected remote level. The Group considers total equity amounting to ₱795.38 million and ₱713.86 million as of December 31, 2014 and 2013, respectively, as capital.

Fair Value Information
Due to the short term nature of the Group's financial instruments, their fair values approximate their carrying amounts as of December 31, 2014 and 2013.

Fair Value Hierarchy
As of December 31, 2014 and 2013, the Group has no financial instrument carried in the books at fair value. There were no transfers between Level 1 and Level 2 financial instruments, and no transfers into or out of Level 3 fair value instrument.

23. **Segment Information**

For management reporting purposes, the Group's businesses are classified into the following business segments: (1) investment holding and (2) service. Details of the Group's business segments are as follows:

	2014				
	Investment Holding	**Service**	**Combined**	**Eliminations**	**Consolidated**
Revenue	**₱130,966**	**₱282,469,418**	**₱282,600,384**	**₱–**	**₱282,600,384**
Income (loss) before tax	**(3,649,529)**	**97,993,286**	**94,343,757**	**–**	**94,343,757**
Provision for income tax	**11,674**	**33,104,312**	**33,115,986**	**–**	**33,115,986**
Net income (loss)	**(3,661,203)**	**64,888,974**	**61,227,771**	**–**	**61,227,771**

	2014				
	Investment Holding	**Service**	**Combined**	**Eliminations**	**Consolidated**
Other Information					
Segment assets	**₱620,268,524**	**₱883,281,298**	**₱1,503,549,822**	**₱615,000,000**	**₱888,549,822**
Segment liabilities	**129,840,820**	**92,958,047**	**222,798,867**	**129,625,000**	**93,173,867**
Depreciation and amortization	**–**	**20,716,831**	**20,716,831**	**–**	**20,716,831**

	2013				
	Investment Holding	Service	Combined	Eliminations	Consolidated
Revenue	₱130,974	₱293,605,934	₱293,736,908	₱–	₱293,736,908
Income (loss) before tax	(7,123,997)	106,151,949	99,027,952	25,221,570	73,806,382
Provision for income tax	26,195	31,928,550	31,954,745	–	31,954,745
Net income (loss)	(7,150,192)	74,223,399	67,073,207	25,221,570	41,851,637
Other Information					
Segment assets	₱647,245,023	₱1,001,689,350	₱1,648,934,373	₱615,000,000	₱1,033,934,373
Segment liabilities	153,115,175	319,455,799	472,570,974	152,500,000	320,070,974
Depreciation and amortization	–	32,938,398	32,938,398	–	32,938,398

Intersegment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. Segment revenue, segment expenses and segment results include transfers between business segments. Those transfers are eliminated in consolidation.

Revenue derived from IPMCDC, IPMESI and IPMRDC (entities under common control of IPM Group) amounted to ₱251,971,304, ₱259,794,439 and ₱207,116,056, in 2014, 2013 and 2012, respectively.

All of the Group’s revenues are derived from operations within the Philippines, hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*.

SGV
Building a better working world

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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
Unit 103, Ground Floor, Prestige Tower Condominium,
F. Ortigas Jr. Avenue Ortigas Center,
Pasig City

We have audited the accompanying parent company financial statements of Minerales Industrias Corporation as of and for the year ended December 31, 2014, on which we have rendered the attached report dated March 31, 2015.

In compliance with Securities Regulation Code Rule No. 68, As Amended (2011), we are stating that the above Parent Company has one hundred thirteen (113) 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. 08-001998-10-2015,
March 24, 2015, valid until March 23, 2018
PTR No. 4751262, January 5, 2015, Makati City

March 31, 2015

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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
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Minerales Industrias Corporation
Unit 103, Ground Floor, Prestige Tower Condominium
F. Ortigas Jr. Avenue Ortigas Center
Pasig City

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

SYCIP GORRES VELAYO & CO.

Jessie D. Cabaluna

Jessie D. Cabaluna
Partner
CPA Certificate No. 36317
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March 24, 2015, valid until March 23, 2018
PTR No. 4751262, January 5, 2015, Makati City

March 31, 2015

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY
Schedule of All the Effective Standards and Interpretations Under PFRS in compliance with SRC Rule 68, As Amended (2011) December 31, 2014

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	**Not Early Adopted**		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments	**Not Early Adopted**		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	**Not Early Adopted**		
PFRS 10	Consolidated Financial Statements	✓		
PFRS 11	Joint Arrangements	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (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	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
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			✓
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			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	Scope of PFRS 2			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 11	PFRS 2 - Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estate	**Not early adopted**		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
SIC-7	Introduction of the Euro			✓
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-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY

Schedule A - Financial Assets

December 31, 2014

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Valued based on market quotation at end of reporting period (iii)	Income received and accrued
Loans and receivables:				
Cash and cash equivalents		21,256,523	21,256,523	
Trade receivables		409,734,807	409,734,807	
Loan receivables		31,000,000	31,000,000	
Interest		308,260	308,260	
Due from related party		716,162	716,162	
Total Financial Assets		**463,015,752**	**463,015,752**	**-**

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related parties)

December 31, 2014

Name and Designation of debtor	Balance at beginning of period	Additions	Deductions: Amounts collected (ii)	Deductions: Amounts written off (iii)	Current	Not Current	Balance at end of period
Trade	380,367,901	405,022,727	401,918,442	-	-	-	383,472,186
Non-Trade	266,960						266,960
Advances to officers & employees	189,178	501,525					690,703
	380,824,039	**405,524,252**	**401,918,442**	**-**	**-**	**-**	**384,429,849**

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY
Schedule C - Amounts Receivable from Related Parties
which are eliminated during the consolidation of financial statements
December 31, 2014

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (i)	Amounts written off (ii)	Current	Not Current	Balance at end of period

None

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY
Schedule D- Intangible Assets - Other Assets
December 31, 2014

Description (i)	Beginning balance	Additions at cost (ii)	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions) (iii)	Ending balance

None

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY

Schedule E- Long Term Debt

December 31, 2014

Title of Issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)	Amount shown under caption "Long-Term Debt" in related balance sheet (iii)
None			

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY

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

December 31, 2014

Name of related party (i)	Balance at beginning of period	Balance at end of period (ii)
None		

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY

Schedule G - Guarantees of Securities of Other Issuers

December 31, 2014

Name of issuing entity of securities guaranteed by the company for which this statements is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)
None				

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY

Schedule H - Capital Stock

December 31, 2014

Title of Issue	Number of Shares Authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversions and other rights	Number of Shares Held By		
				Related parties	Directors, officers and employees	Others
Common shares - Php1 par value	740,000,000	690,000,000	none	500,000,000	11,079,300	178,920,700

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY

SUPPLEMENTARY SCHEDULE OF DEFICIT OF THE PARENT COMPANY
DECEMBER 31, 2014

Unappropriated deficit, as adjusted, beginning	₱195,870,153
Net loss during the period closed to deficit	3,733,801
Unappropriated deficit, as adjusted, ending	₱199,603,954

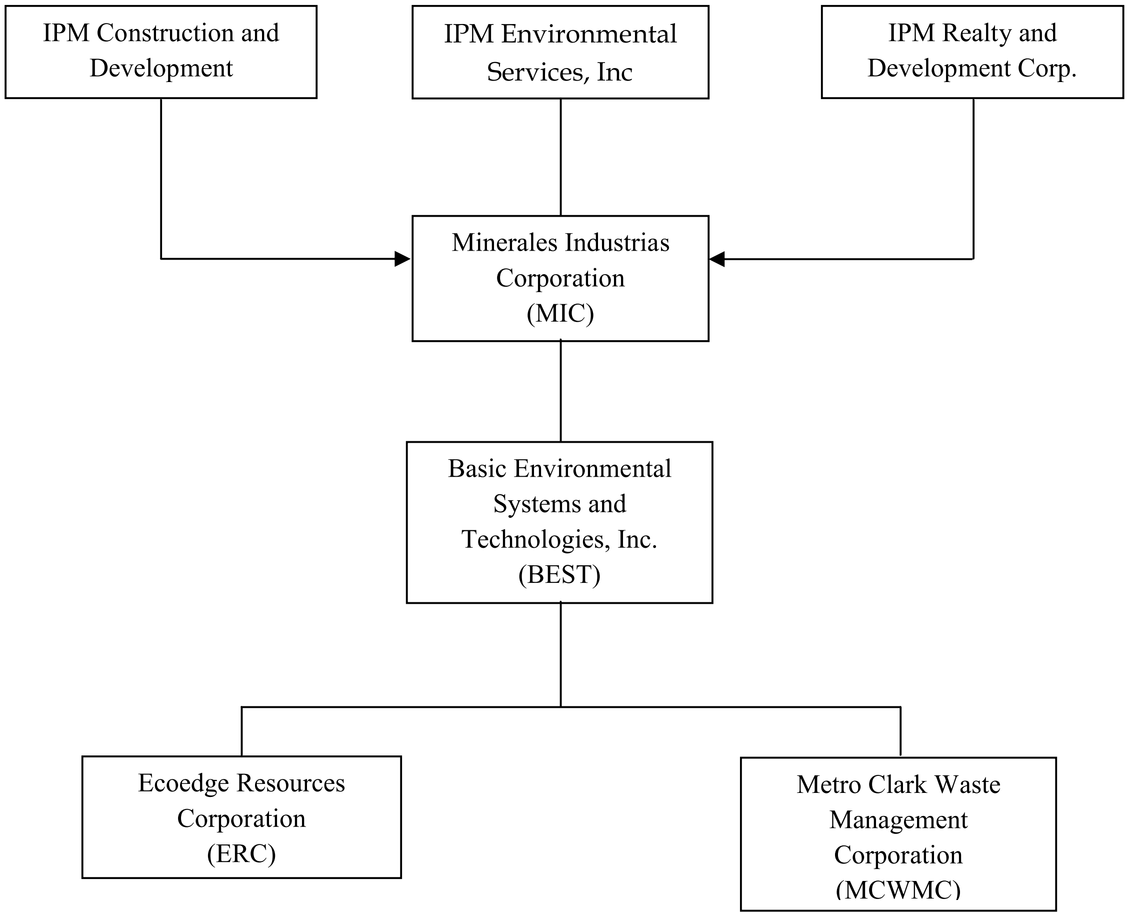
MINERALES INDUSTRIAS CORPORATION
FINANCIAL SOUNDNESS INDICATORS

Years Ended December 31

FSI	Calculation	2014	2013
Current Ratio	Current Assets/Current Liabilities	4.78x	1.91x
Quick Ratio	Current Assets-Inventory-Prepayments/Current Liabilities	4.60x	1.83x
Debt to Equity Ratio	Liabilities/ Stockholders' Equity	0.12x	0.45x
Asset to Equity Ratio	Assets/Stockholders' Equity	1.12x	1.45x
Interest Coverage Ratio	Earnings Before Interest & Taxes/Interest Expense	100.87	18.52
Gross Profit Margin	Gross Profit/Net Sales	0.34	0.40
Book Value per share	Total Assets –Total Liabilities/ Outstanding Shares	1.15	1.03
Net Income per Share	Net Income/Weighted Average Number of Shares Outstanding	0.09	0.09

	December 31, 2014	December 31, 2013
Current Ratio	443,171,284/92,757,391	610,292,719/319,895,106
Quick Ratio	426,242,346/92,757,391	585,890,672/319,895,106
Debt to Equity	93,173,867/795,375,955	320,070,974/713,863,398
Asset to Equity Ratio	888,549,822/795,375,955	1,033,934,372/713,863,398
Interest Coverage Ratio	95,288,413/944,656	78,017,809/4,211,534
Gross Profit Margin	95,204,227/281,294,217	95,200,540/237,282,897
Book Value/Share	795,375,955/690,000,000	713,863,399/690,000,000
Net Income per Share	61,227,771/690,000,000	41,851,637/469,452,055

MAP OF MINERALES INDUSTRIAS CORPORATION (MIC) GROUP OF COMPANIES



ANNEX "C"

COVER SHEET

AS095-0085573
SEC Registration Number

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY
(Company's Full Name)

Unit 103 Ground Flr. Prestige Tower Condominium F. Ortigas Avenue Ortigas Center Pasig City
(Business Address: No., Street City / Town / Province)

Contact Person	Company Telephone Number
Atty. Ana Katigbak	817 6791/897-5257

Fiscal Year (Month)	Fiscal Year (Day)	FORM TYPE	Annual Meeting (Month Day)
12	31	SEC Form 17-Q **June 30, 2015**	4th Wed of May

Secondary License Type, If Applicable

Dept Requiring this Doc	Amended Articles Number / Section
CFD	

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

108142015000906

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632)726-0931 to39 Fax:(632)725-5293 Email: mis@sec.gov.ph

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Company Representative

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Company Information

SEC Registration No.	AS95008557
Company Name	MINERALES INDUSTRIAS CORPORATION
Industry Classification	Metallic Core Mining
Company Type	Stock Corporation

Document Information

Document ID	108142015000906
Document Type	17-Q (FORM 11-Q:QUARTERLY REPORT/FS)
Document Code	17-Q
Period Covered	June 30, 2015
No. of Days Late	0
Department	CFD
Remarks	& SUBSIDIARY

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: **June 30, 2015**

2. SEC Identification Number: AS095-008557

3. BIR Tax Identification Number: 004-636-077

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

5. Pasig City, Philippines
   Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7. Unit 103 G/F, Prestige Tower, Condominium F. Ortigas Jr., Avenue
   Ortigas Center, Ortigas Center, Pasig City
   Address of issuer's principal office Postal Code: 1605

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

9. Former name, former address and former fiscal year, if changed since last report: N/A

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

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

11. Are any or all of Corporation's Securities Listed with the Philippine Stock Exchange?

    Yes (√) No ( )

12. Indicate by check mark whether the registrant:

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

    Yes[x] No [ ]

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

    Yes[x] No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations; Plan of Operations

PLAN OF OPERATIONS

The Company's controlling stake in Basic Environmental Systems Technologies, Inc. (BEST) continues to provide a growing stream of revenues and income. In the next several years, therefore 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. BEST is also targeting to tap the specialized waste handling and disposal requirements of the various industrial zones located all over the country.

At the same time, 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. In this regard, the Company sought and obtained approval during the annual stockholders' meeting held on September 19, 2013 for the increase in its authorized capital stock to an amount not exceeding Five Billion Pesos (P5,000,000,000), in order to facilitate any capital raising activities that will be required for the Company's operations and business expansion.

Last July 2, 2015, MIC's board of directors finally approved the change in name of the company to IPM Holdings, Inc. to more accurately reflect the firm's ownership structure, subject to the approval of the Corporation's Amended Articles of Incorporation by the SEC. With the advent of climate change and a growing environmental consciousness, the move was also seen as a major step towards opening the publicly-listed company to strategic partners who believe that, indeed, there's money in trash.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of the Company and subsidiary (the "Company") financial position and results of operations should be read in conjunction with the attached consolidated financial statements of the Company and its subsidiary.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014

Income

Total consolidated revenues for the six-month period ending June 30, 2015 amounted to Php134.06 million, Php12.19 million or 8.34% lower than the Php146.25 million posted in the same period of 2014. This is attributable mainly to the decrease in revenues from consultancy/field services income of Php10.63 million from the management and maintenance of the Quezon City Sanitary Landfill.

Cost of Services

Cost of services for the six-month period ending June 30, 2015 amounted to Php80.74 million for a minimal increase of 1.98% from the Php79.17 million in the same period of 2014.

General and administrative expenses declined by 16.92%, from Php16.89 million in 2014 to Php14.03 million this year. This was mainly due to decreases in depreciation and other operating expenses.

Net Income

The first half of 2015 resulted in a net income after tax of Php23.96 million, including the Php6.26 million net income attributable to non-controlling interests, as compared to the net income of Php34.73 million, including the Php9.18 million net income attributable to non-controlling interests reported for same period in 2014.

Liquidity and Capital Resources

For the six-month period ending June 30, 2015, net cash used in operations totaled Php16.67 million including the net income before tax of Php34.69 million and the depreciation and amortization expense of Php11.09 million. Trade and other receivables increased by Php58.81 million while prepaid and other current assets increased by Php1.26 million. Trade and other payables decreased by Php4.56 while due to related parties went up by Php7.52 million. Net cash used in investing activities amounted to Php0.09 million.

In the same period of 2014, net cash used in operations totaled Php62.91 million including the net income before tax of Php50.18 million and the depreciation and amortization expense of Php22.63 million. Trade and other receivables jumped by Php87.73 million while prepaid and other current assets rose by Php6.31 million. Trade and other payables went down Php42.0 million resulting from the settlement of outstanding obligations. Net cash used in investing activities amounted to Php48.92 million. Net cash provided by financing activities totaled Php120.73 million, including the Php20.25 million additional investments of noncontrolling interest and Php101.22 million resulting from the payment of bank loans.

Second Quarter Ended June 30, 2015 Compared to Second Quarter Ended June 30, 2014

Income

Total consolidated revenues for the quarter ending June 30, 2015 amounted to Php68.44 million, Php8.01 million or 10.48% lower than the Php76.46 million posted in the same period of 2014. This resulted from the decrease in consultancy/field services income by Php8.88 million from the management and maintenance of the Quezon City Sanitary Landfill.

Cost of Services

Cost of services for the second quarter of 2015 totaled Php42.62 million, higher by Php3.91 million or 10.11% from the Php38.71 million reported in the same period of 2014. This is largely due to the increase in expenses for rental of trucks and equipments from a related party.

General and administrative expenses dropped by 29.05%, from Php7.32 million in 2014 to Php5.20 million this year. This was mainly due to decreases in depreciation and amortization and other operating expenses.

Net Income

The second quarter of 2015 resulted into a net income after tax of Php13.41 million, including the Php3.52 million net income attributable to non-controlling interests. This is 36% lower than the net income of Php21.07 million, including the Php5.45 million net income attributable to non-controlling interest posted in the same period last year.

Liquidity and Capital Resources

For the quarter ended June 30, 2015, net cash used in operation totaled PhpPhp1.04 million including the net income before tax of Php19.44 million and the depreciation and amortization expense of Php5.15 million. Trade and other receivables rose by Php22.44 million while prepaid and other current assets increased by Php2.0 million. Trade and other payables and due to related parties also increased by Php5.86 million and Php1.70 million, respectively. Income tax paid for 2014 in the amount of Php9.94 million.

In the same period of 2014, net cash provided by operations amounted to Php28.09 million including the net income before tax of Php30.42 million and the depreciation and amortization expense of Php11.30 million. Trade and other receivables rose by Php41.55 million while prepaid and other current assets increased by Php1.25 million. Trade and other payables also went up by Php30.04 million. Net cash used in investing activities amounted to Php17.71 million while net cash provided by financing activities totaled Php19.52 million including the Php20.25 million additional investments of noncontrolling interest.

Financial Position as of June 30, 2015 Compared to Financial Position as of December 31, 2014

Statements of financial position data	June 30, 2015	December 31, 2014	% Inc/ (Dec)
Total Current Assets	486,420,719	443,171,284	9.76%
Total Assets	916,200,351	888,549,822	3.11%
Total Current Liabilities	96,445,029	92,757,391	3.98%
Total Liabilities	96,861,505	93,173,867	3.96%
Total Stockholders' Equity	819,338,846	795,375,955	3.01%

The Company's consolidated total assets slightly grew by 3.11% from Php888.55 million as of December 31, 2014 to Php916.20 million as of June 30, 2015.

- Cash and cash equivalents dropped by 78.61% from Php21.32 million as of December 31, 2014 to Php4.56 million as of June 30, 2015. The decrease was mainly due to the settlement of long term liabilities.

- Trade and other receivables increased by 14.54% from Php404.20 million as of December 31, 2014 to Php462.96 million as of June 30, 2015. This is mainly attributable to the increase in contract services the company entered into during the first half of 2015.

- Other current assets rose by 7.4% from Php16.92 million as of December 31, 2014 to Php18.18 million as of June 30, 2015.

- Noncurrent assets slightly went down by 3.5% from Php445.38 million as of December 31, 2014 to Php429.782 million as of June 30, 2015 due to the annual set-up of depreciation and amortization.

Total consolidated liabilities posted a 3.98% decrease, from Php92.76 million as of December 31, 2014 to Php96.45 million as of June 30, 2015. The decrease was mainly due to the settlement of the Company's obligations.

Total stockholders' equity was slightly up by 3.01% from P795.38 million as of December 31, 2014 to Php819.34 million as of June 30, 2015, including the Noncontrolling interest of Php281.44 million as of June 30, 2015 and Php275.18 million as of December 31, 2014.

Current ratio increased from 4.78x as of December 31, 2014 to 5.04x as of June 30, 2015 due to the settlement of the Company's short term obligations. Net working capital thus stood at Php389.97 million as of June 30, 2015 versus the Php350.41 million as of December 31, 2014.

Key Performance Indicators

The company's key performance indicators are as follows:

KPI	**Calculation**	**30-June-15**	31-Dec-14
Current Ratio (1)	Current Assets/Current Liabilities	5.04x	4.78x
Quick Ratio (2)	Current Assets-Inventory-Prepaid Expenses /Current Liabilities	4.85x	4.60x
Debt to Equity Ratio (3)	Liabilities/ Stockholders' Equity	0.12	0.12
Book Value per share (4)	Total Assets –Total Liabilities/ Outstanding Shares	1.19	1.15
Net Income per Share (5)	Net Income/Weighted Average Number of Shares Outstanding	0.03	0.09

		30-June-15	31-Dec-14
(1)	Current Ratio	486,420,719/96,445,029	443,171,284/92,757,391
(2)	Quick Ratio	468,239,543/96,445,029	426,242,346/92,757,391
(3)	Debt to Equity	96,861,505/819,338,846	93,173,867/795,375,955
(4)	Book Value/Share	819,338,846/690,000,000	795,375,955/690,000,000
(5)	Income per Share	23,962,891/690,000,000	61,227,771/690,000,000

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.

PART II – OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

Not Applicable

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer : MINERALES INDUSTRIAS CORPORATION

ISABELITA P. MERCADO
Chairman and President

FRANCIS NEIL P. MERCADO
Treasurer

August 12, 2015

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30-Jun-15	31-Dec-14
	Unaudited	Audited
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱4,561,623**	₱21,321,523
Receivables (Notes 5 and 17)	**462,961,758**	404,204,661
Due from a related party (Note 13)	**716,162**	716,162
Other current assets (Note 6)	**18,181,176**	16,928,938
Total Current Assets	**486,420,719**	443,171,284
Noncurrent Assets		
Receivables – net current portion (Note 5)	**37,584,527**	37,584,527
Deferred tax asset	**625,259**	625,259
Investments in an associate and a joint venture (Note 7)	**86,605,868**	91,201,135
Deposits (Note 8)	**3,155,365**	3,155,365
Investment property (Note 9)	**35,758,155**	36,316,876
Property and equipment (Note 10)	**266,050,458**	276,495,376
Total Noncurrent Assets	**429,779,632**	445,378,538
Total Assets	**₱916,200,351**	₱888,549,822
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 11)	**₱68,059,173**	₱82,476,818
Due to related parties (Note 13)	**22,352,807**	5,038,694
Income tax payable	**6,033,049**	5,241,879
Total Current Liabilities	**96,445,029**	92,757,391
Noncurrent Liability		
Net pension liability	**416,476**	416,476
Total Liabilities	**96,861,505**	93,173,867
Equity Attributable to Equity Holders of the Parent		
Capital stock (Note 12)	**690,000,000**	690,000,000
Retained earnings (Note 12)		
Unappropriated	**131,820,247**	114,116,843
Appropriated	**14,803,219**	14,803,219
Other reserves (Note 1)	**(298,720,451)**	(298,720,451)
	537,903,015	520,199,611
Noncontrolling Interests	**281,435,831**	275,176,344
Total Equity	**819,338,846**	795,375,955
Total Liabilities and Equity	**₱916,200,351**	₱888,549,822

See accompanying Notes to Consolidated Financial Statements

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Quarters Ended June 30	
	2015	2014
REVENUE AND OTHER INCOME		
Service income (Note 13)	**₱59,539,549**	₱68,416,977
Rental income (Note 10)	**8,887,618**	8,035,443
Interest income (Notes 4 and 6)	**3,415**	4,562
Other income	**13,302**	
Equity in net earnings of an associate and a joint venture	**-**	
	68,443,884	76,456,982
EXPENSES		
Cost of services (Note 14)	**42,618,979**	38,707,279
General and administrative expenses (Note 15)	**5,197,047**	7,325,200
Equity in net losses of an associate and a joint venture (Note 7)	**1,183,568**	
	48,999,594	46,032,479
INCOME BEFORE INCOME TAX	**19,444,290**	30,424,503
PROVISION FOR INCOME TAX	**6,033,576**	9,348,574
NET INCOME	**13,410,714**	21,075,929
OTHER COMPREHENSIVE INCOME(LOSS)		
Items not to be reclassified to profit or loss:		
Actuarial losses on defined benefit obligation	**-**	-
TOTAL COMPREHENSIVE INCOME	**₱13,410,714**	₱21,075,929
Net income attributable to:		
Equity holders of the parent	**₱9,889,995**	₱15,623,125
Noncontrolling interest	**3,520,719**	5,452,803
	₱13,410,074	₱21,075,928
Total comprehensive income attributable to:		
Equity holders of the parent	**₱9,889,995**	₱15,623,125
Noncontrolling interest	**3,520,719**	5,452,803
	₱13,410,074	₱21,075,928
BASIC/DILUTED EARNINGS PER SHARE (Note 16)	**₱0.01**	₱0.02

See accompanying Notes to Consolidated Financial Statements

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six Months Ended June 30	
	2015	2014
REVENUE AND OTHER INCOME		
Service income (Note 15)	**₱118,566,203**	₱129,201,791
Rental income (Notes 10, 15 and 21)	**15,466,688**	16,312,076
Interest income (Notes 4 and 6)	**8,847**	732,184
Other Income	**13,554**	
Equity in net earnings of an associate and a joint venture	**-**	
	134,055,292	146,246,051
EXPENSES		
Cost of services (Note 14)	**80,738,509**	79,174,237
General and administrative expenses (Note 15)	**14,030,601**	16,887,423
Interest expense (Note 13)		
Equity in net losses of an associate and a joint venture (Note 7)	**4,595,267**	-
	99,364,377	96,061,660
INCOME BEFORE INCOME TAX	**34,690,915**	50,184,391
PROVISION FOR INCOME TAX	**10,728,024**	15,450,978
NET INCOME	**23,962,891**	34,733,413
OTHER COMPREHENSIVE INCOME(LOSS)		
Items not to be reclassified to profit or loss:		
Actuarial losses on defined benefit obligation	**-**	-
TOTAL COMPREHENSIVE INCOME	**₱23,962,891**	₱34,733,413
Net income attributable to:		
Equity holders of the parent	**₱17,703,404**	₱25,555,957
Noncontrolling interest	**6,259,487**	9,177,456
	₱23,962,891	₱34,733,413
Total comprehensive income attributable to:		
Equity holders of the parent	**₱17,703,404**	₱25,555,957
Noncontrolling interest	**6,259,487**	9,177,456
	₱23,962,891	₱34,733,413
BASIC/DILUTED EARNINGS PER SHARE (Note 16)	**₱0.03**	₱0.04

See accompanying Notes to Consolidated Financial Statements

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

				Other Reserves			
	Capital Stock	Retained Earnings - Unappropriated	Retained Earnings - Appropriated	Equity Reserve	Actuarial Losses on Defined Benefit Obligation	Noncontrolling Interests	Total Equity
At March 31, 2015	₱690,000,000	₱121,930,252	₱14,803,219	(₱298,498,391)	(₱222,060)	₱277,915,112	₱805,928,132
Net income for the second quarter	–	9,889,995	–	–	–	3,520,719	13,410,714
Other comprehensive income	–	–	–	–			
At June 30, 2015	**₱690,000,000**	**₱131,820,247**	**₱14,803,219**	**(₱298,498,391)**	**(₱222,060)**	**₱281,435,831**	**₱819,338,846**
At March 31, 2014	₱690,000,000	79,044,147	₱14,803,219	(₱298,498,391)	(₱248,149)	₱242,420,057	₱727,520,883
Net income for the second quarter	–	15,623,125	–	–	–	5,452,803	21,075,928
Additional investment from NCI						20,250,000	20,250,000
At June 30, 2014	**₱690,000,000**	**₱94,667,272**	**₱14,803,219**	**(₱298,498,391)**	**(₱248,149)**	**₱268,122,860**	**₱768,846,811**

See accompanying Notes to Consolidated Financial Statements.

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital Stock	Retained Earnings - Unappropriated	Retained Earnings - Appropriated	Other Reserves		Noncontrolling Interests	Total Equity
				Equity Reserve	Actuarial Losses on Defined Benefit Obligation		
At January 1, 2015	₱690,000,000	₱114,116,843	₱14,803,219	(₱298,498,391)	(₱222,060)	₱275,176,344	₱795,375,955
Net income for the six months period	–	17,703,404	–	–	–	6,259,487	23,962,891
Other comprehensive income	–	–	–	–			
At June 30, 2015	**₱690,000,000**	**₱131,820,247**	**₱14,803,219**	**(₱298,498,391)**	**(₱222,060)**	**₱281,435,831**	**₱819,338,846**
At January 1, 2014	₱690,000,000	₱69,111,315	₱14,803,219	(₱298,498,391)	(₱248,149)	₱238,695,404	₱713,863,398
Net income for the six months period	–	25,555,957	–	–	–	9,177,456	34,733,413
Additional investment from NCI						20,250,000	20,250,000
At June 30, 2014	**₱690,000,000**	**₱94,667,272**	**₱14,803,219**	**(₱298,498,391)**	**(₱248,149)**	**₱268,122,860**	**₱768,846,811**

See accompanying Notes to Consolidated Financial Statements.

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Quarters Ended June 30	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱19,444,290**	₱30,424,503
Adjustments for:		
Depreciation and amortization	**5,146,736**	11,303,670
Interest expense		
Equity in net losses (earnings) of an associate and a joint venture (Note 7)	**1,183,568**	(888,657)
Interest income	**(5,210)**	(4,562)
Operating income before changes in working capital	**25,769,384**	40,834,954
Decrease (increase) in:		
Receivables	**(22,441,489)**	(41,545,906)
Due from a related party		
Prepaid and other current assets	**(1,995,047)**	(1,248,490)
Increase (decrease) in:		
Trade and other payables	**5,863,412**	30,044,840
Due to related parties	**1,696,678**	-
Net cash generated from (used in) operations	**8,892,938**	28,085,398
Interest received	**5,210**	4,562
Income tax paid	**(9,936,265)**	(912)
Net cash provided by (used in) operating activities	**(1,038,117)**	28,089,048
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment (Note 10)		
Investment in joint venture		(17,711,343)
Net cash provided by (used in) investing activities	**-**	(17,711,343)
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from issuance of shares of stock (Note 14)		20,250,000
Interest paid		(734,787)
Payment/proceeds from bank loan		-
(Net cash provided by (used by) financing activities	**-**	19,515,213
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,038,117)**	29,892,918
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**5,599,740**	14,244,562
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)	**₱4,561,623**	**₱44,137,480**

See accompanying Notes to Consolidated Financial Statements.

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱34,690,915**	₱50,184,391
Adjustments for:		
Depreciation and amortization	**11,089,533**	22,634,127
Equity in net losses (earnings) of an associate and a joint venture (Note 7)	**4,595,267**	325,883
Interest income	**(22,401)**	(50,892)
Operating income before changes in working capital	**50,353,314**	73,093,509
Decrease (increase) in:		
Receivables	**(58,814,420)**	(87,731,840)
Due from a related party		
Prepaid and other current assets	**(1,256,256)**	(6,306,301)
Increase (decrease) in:		
Trade and other payables	**(4,560,174)**	(42,004,380)
Due to related parties	**7,517,982**	-
Net cash generated from (used in) operations	**(6,759,554)**	(62,949,012)
Interest received	**22,401**	50,892
Income tax paid	**(9,936,854)**	(10,178)
Net cash provided by (used in) operating activities	**(16,674,007)**	(62,908,298)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment (Note 10)	**(85,893)**	
Investment in joint venture (Note 8)		(48,925,883)
Net cash provided by (used in) investing activities	**(85,893)**	(48,925,883)
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from issuance of shares of stock (Note 12)		20,250,000
Interest paid		(734,787)
Payment/proceeds from bank loan (Note 13)		101,219,867
(Net cash provided by (used by) financing activities	**-**	120,735,080
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(16,759,900)**	8,900,899
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**21,321,523**	35,236,581
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)	**₱4,561,623**	**₱44,137,480**

See accompanying Notes to Consolidated Financial Statements.

MINERALES INDUSTRIAS CORPORATION

PARENTCOMPANY STATEMENTS OF FINANCIAL POSITION

	30-Jun-15	31-Dec-14
	Unaudited	Audited
ASSETS		
Current Assets		
Cash and cash equivalents	**₱3,772,823**	₱5,255,192
Other current assets	**287,154**	13,333
Total Current Assets	**4,059,977**	5,268,525
Noncurrent Asset		
Investment in a subsidiary	**485,375,000**	485,375,000
Total Assets	**₱489,434,977**	₱490,643,525
LIABILITIES ANDEQUITY		
Current Liabilities		
Accrued expenses and other payables	**₱113,989**	₱247,479
Total Liabilities	**113,989**	247,479
Equity		
Capital stock	**690,000,000**	690,000,000
Deficit	**(200,679,012)**	(199,603,954)
Total Equity	**489,320,988**	490,396,046
	₱489,434,977	₱490,643,525

MINERALES INDUSTRIAS CORPORATION
PARENT COMPANY STATEMENTS OF INCOME

	Quarters Ended June 30	
	2015	2014
INCOME		
Interest	**₱2,633**	₱4,562
EXPENSES		
Professional fees	**91,086**	93,029
Salaries and wages	**137,000**	322,000
Stock exchange listing fee	**96,833**	95,888
Directors' per diem	**90,000**	80,000
Entertainment, amusement and recreation	**51,744**	40,728
Utilities	**45,000**	45,000
Rent	**80,357**	-
Office supplies and printing costs	**51,975**	45,804
Transportation	**11,035**	8,258
Postage & telegram	**10,010**	-
Miscellaneous	**9,226**	8,226
	674,266	738,933
LOSS BEFORE INCOMETAX	**671,633**	734,371
PROVISION FOR INCOMETAX	527	912
NET LOSS	**672,160**	735,283
OTHER COMPREHENSIVE INCOME	–	–
TOTAL COMPREHENSIVE LOSS	**₱672,160**	₱735,283
Basic/Diluted Loss Per Share	**₱0.0010**	₱0.0011

MINERALES INDUSTRIAS CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

	Six Months Ended June 30	
	2015	2014
INCOME		
Interest	**₱5,580**	₱50,892
EXPENSES		
Professional fees	**167,439**	891,754
Salaries and wages	**274,000**	444,000
Stock exchange listing fee	**193,665**	233,065
Directors' per diem	**90,000**	160,000
Entertainment, amusement and recreation	**66,440**	80,170
Rent	**80,357**	-
Utilities	**90,000**	90,000
Office supplies and printing costs	**54,595**	51,423
Transportation	**18,535**	19,319
Taxes and licenses	**14,616**	29,668
Postage & telegram	**10,010**	-
Miscellaneous	**19,865**	17,725
	1,079,522	2,017,124
LOSS BEFORE INCOMETAX	**1,073,942**	1,966,232
PROVISION FOR INCOME TAX	1,116	10,178
NET LOSS	**1,075,058**	1,976,410
OTHER COMPREHENSIVE INCOME	–	–
TOTAL COMPREHENSIVE LOSS	**₱1,075,058**	₱1,976,410
Basic/Diluted Loss Per Share	**₱0.0016**	₱0.0029

MINERALES INDUSTRIAS CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

	Capital Stock	Deficit	Total
At March 31, 2015	₱690,000,000	(₱200,006,852)	₱489,993,148
Net loss for the second quarter	–	(672,160)	(672,160)
At June 30, 2015	**₱690,000,000**	**(₱200,679,012)**	**₱489,320,988**
At March 31, 2014	₱690,000,000	(₱197,111,279)	₱492,888,721
Net loss for the second quarter	-	(735,284)	(735,284)
At June 30, 2014	₱690,000,000	(₱197,846,563)	₱492,153,437

MINERALES INDUSTRIAS CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

	Capital Stock	Deficit	Total
At January 1, 2015	₱690,000,000	(₱199,603,954)	₱490,396,046
Net loss for the six months period	–	(1,075,058)	(1,075,058)
At June 30, 2015	**₱690,000,000**	**(₱200,679,012)**	**₱489,320,988**

At January 1, 2014	₱690,000,000	(₱195,870,153)	₱494,129,847
Net loss for the six months period	-	(1,976,410)	(1,976,410)
At June 30, 2014	₱690,000,000	(₱197,846,563)	₱492,153,437

MINERALES INDUSTRIAS CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Quarters Ended June 30	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱671,633)**	(₱734,371)
Adjustments for:		
Interest income (Note 4)	**(2,633)**	(4,561)
Operating loss before changes in working capital	**(674,266)**	(738,932)
Changes in operating assets and liabilities		
Increase in other current assets	**69,566**	42,883
Increase (decrease) in accrued expenses and other payables	**(62,163)**	(583,150)
Net cash used in operations	**(666,863)**	(1,279,199)
Interest received	**2,633**	4,561
Income tax paid	**(527)**	(912)
Net cash used in operating activities	**(664,757)**	(1,275,550)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment of subscription payable	–	–
Net cash used in investing activities	–	–
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from issuance of shares of stock	–	–
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(664,757)**	(1,275,550)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**4,437,580**	7,681,111
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱3,772,823**	₱6,405,561

MINERALES INDUSTRIAS CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Six Months Ended June 30	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱1,073,942)**	(₱1,966,232)
Adjustments for:		
Interest income (Note 4)	**(5,580)**	(50,892)
Operating loss before changes in working capital	**(1,079,522)**	(2,017,124)
Changes in operating assets and liabilities		
Increase in other current assets	**(273,822)**	(366,735)
Decrease in accounts and other payables	**(133,488)**	(607,983)
Net cash used in operations	**(1,486,832)**	(2,991,842)
Interest received	**5,580**	50,892
Income tax paid	**(1,116)**	(10,178)
Net cash used in operating activities	**(1,482,368)**	(2,951,128)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment of subscription payable (Note 6)	–	(22,875,000)
Net cash used in investing activities	–	(22,875,000)
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds from issuance of shares of stock (Note 8)	–	–
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,482,368)**	(25,826,128)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**5,255,191**	32,231,689
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱3,772,823**	₱6,405,561

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information**

Minerales Industrias Corporation (the Parent Company) and its subsidiary, Basic Environmental Systems and Technologies, Inc. (BEST) (collectively referred to as "the Group"), were incorporated in the Philippines. The Group's registered office address is Unit 103 G/F, Prestige Tower Condominium, F. Ortigas Jr. Avenue, Ortigas Center, Pasig City.

The Parent Company was incorporated and organized in the Republic of the Philippines on August 31, 1995 to engage in the business of investment; to own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every kind and description: and, to manage any business, joint venture, firm partnership, corporation, institution or entity or otherwise act as holding or management corporation thereof.

BEST is incorporated in the Philippines on and is engaged in contracting and consulting business for waste management, public cleansing, sanitation and general hygiene to provide comprehensive waste disposal services.

On December 20, 1999, the stockholders approved the increase in the authorized capital stock of the Parent 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 Parent Company). In 2010, the Parent Company issued additional 10,000,000 shares to private investors.

On July 26, 2007 and August 31, 2007, the BOD and stockholders, respectively, approved the change in the Parent Company's primary purpose from holding to mining. The Securities and Exchange Commission (SEC) approved the change on January 14, 2008.

On November 20, 2012, the BOD approved the issuance of 500,000,000 shares at par value of ₱1 per share in favor of the following IPM group of companies: (a) IPM Construction and Development Corporation (IPMCDC), 350,000,000; (b) IPM Environmental Services, Inc. (IPMESI), 100,000,000; and (c) IPM Realty and Development Corporation (IPMRDC), 50,000,000. On the same date, the 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 Parent 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 to be acquired from the original shareholders of BEST.

On February 8, 2013, the stockholders representing at least two thirds of the outstanding capital stock of the Parent Company approved the subscription by 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 Parent Company, at a total subscription price of ₱500,000,000, payable in cash: (a) IPMCDC, ₱350,000,000; (b) IPMESI, ₱100,000,000; and (c) IPMRDC, ₱50,000,000. On the same date, the stockholders approved the amendment of the primary purpose of the Parent Company to enable the Parent 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 Parent Company received ₱50,000,000 and ₱450,000,000, respectively, as deposits for the said subscriptions to the proposed increase in the authorized capital stock of the Parent Company. Consequently, the Parent Company became a subsidiary of IPMCDC upon receipt of the deposit as per the subscription agreement.

On March 4, 2013, the Parent Company acquired 615,000,000 shares in BEST representing 75% interest and paid₱462,500,000, ₱12,500,000 of which was paid to the original shareholders of BEST as consideration to the subscription rights acquired. Subscription payable as of December 31, 2013 amounted to ₱152,500,000.

On June 11, 2013, the SEC approved the Parent Company's application for increase in authorized capital stock from 240,000,000 to740, 000,000 shares with a par value of ₱1 per share and the amendment of the primary purpose of the Parent Company to revert back to a holding company. The deposits for stock subscriptions by IPMCDC, IPMESI and IPMRDC were then transferred to common stocks following the approval of the increase in authorized capital stock.

On July 18, 2013, the BOD approved the increase in the authorized capital stock of the Parent Company from ₱740,000,000 divided into 740,000,000 shares with a par value of ₱1 per share to an amount not exceeding₱5,000,000,000 divided into 5,000,000,000 shares with a par value of ₱1 per share. On the same date, the BOD approved the transfer of the principal address of the Parent Company from Room 322, 3rd Floor, LRI Design Plaza, 210 Nicanor Garcia Street, Barangay Sta. Cruz, Makati City to its current principal address, Unit 103, Ground Floor, Prestige Tower Condominium, F.Ortigas Jr. Avenue OrtigasCenter, Pasig City. These were subsequently approved by the shareholders on September 19, 2013. On October 18, 2013, the SEC approved the amended articles of incorporation indicating the change of address and increase in authorized capital stock.

On February 10, 2014, the BOD approved the payment to BEST of ₱22,875,000 representing 15% of the remaining subscription payable. Subscription payable as of March 31, 2015 amounted to ₱129,625,000.

On July 2, 2015, the BOD approved the change in name of the company to IPM Holdings, Inc. to more accurately reflect the firm's ownership structure, subject to the approval of the Corporation's Amended Articles of Incorporation by the SEC. With the advent of climate change and a growing environmental consciousness, the move was also seen as a major step towards opening the publicly-listed company to strategic partners who believe that, indeed, there's money in trash.

The Parent Company's shares are publicly traded in the Philippine Stock Exchange (PSE) under the ticker (MIC). As of June 30, 2015, the top four beneficial shareholders of the Parent Company are the following:

	Percentage of ownership
IPMCDC	51%
IPMESI	10%
IPMRDC	7%
Public	32%

IPMCDC, IPMESI and IPMRDC were all incorporated in the Philippines.

The Parent Company's subsidiary, BEST, is incorporated in the Philippines. BEST is engaged in contracting and consulting business for waste management, public cleansing, sanitation and general hygiene to provide comprehensive waste disposal services.

Reverse acquisition
Before the Parent Company acquired 75% interest in BEST, majority of the shareholders of BEST are also the shareholders of IPMCDC, IPMESI and IPMRDC. Hence, the Parent Company acquisition of 75% interest in BEST effectively qualifies as a reverse acquisition since BEST is the combining entity whose owners as a group retain or receive the largest portion of the voting rights in the combined entity.

Since the Parent Company is not a business as defined in PFRS 3, *Business Combination*, paragraph B7, the transaction did not qualify as business combination, but a share-based payment transaction whereby BEST has received the net assets of the Parent Company together with the listing status of the Parent Company.

The consolidated financial statements reflects the substance of the transaction which is that BEST is the continuing entity, therefore, the principles and guidance on the preparation and presentation of the consolidated financial statements in a reverse acquisition set out in PFRS 3 is applied in this transaction. However, the listing status did not qualify for recognition as an intangible asset, and therefore expensed in profit or loss.

2. Summary of Significant Accounting Policies

Basis of Preparation
The accompanying consolidated financial statements have been prepared using the historical cost basis. These financial statements are presented in Philippine Peso (₱), the Group's functional currency. All amounts are rounded to the nearest Philippines Peso unless otherwise indicated.

Statement of Compliance
The consolidated financial statements have been prepared in accordance with the 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 its financial statements in accordance with PFRS.

Basis of Consolidation
The accompanying consolidated financial statements prepared following a reverse acquisition are issued under the name of the Parent Company (legal parent/accounting acquiree) but is a continuation of the financial statements of BEST (legal subsidiary/accounting acquirer). The accompanying consolidated financial statements comprise the financial statements of the Parent Company and BEST.

The consolidated financial statements are prepared based on the principles of reverse acquisition involving a non-trading shell company. The accounting acquiree is fully consolidated from the date of acquisition or incorporation, being the date on which the accounting acquirer obtains control, and continues to be consolidated until the date that such control ceases.

All intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Noncontrolling interest (NCI) represent the portion of profit or loss and the net assets not held by the Group and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position and consolidated statements of changes in equity.

Acquisitions of NCI are accounted for using the acquisition method, whereby the Group considers the acquisition of NCI as an equity transaction. Any premium or discount on subsequent purchases from NCI shareholders is recognized directly in equity and attributed to the owners of the parent.

Assessment of Control
Control is achieved when the accounting acquirer is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The accounting acquirer re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation begins when the accounting acquirer obtains control over the accounting acquiree and ceases when the accounting acquirer loses control of the accounting acquiree. Assets, liabilities, income and expenses of the accounting acquiree are included in the consolidated statements of financial position and consolidated statement of comprehensive income from the date the accounting acquirer gains control at the accounting acquiree until the date the accounting acquirer losses the control.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the accounting acquirer and to the NCI, even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of the accounting acquiree to bring its accounting policies in line with the accounting policies of the accounting acquirer.

There are no significant restrictions on the Group's ability to use assets or settle liabilities within the Group. There is no difference on the voting rights of non-controlling interests as compared to majority stockholders.

<u>Adoption of New and Amended Accounting Standards and Interpretations</u>
The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amended PFRS, which became effective on January 1, 2014.

- Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 27, *Separate Financial Statements*)
  These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. This amendment did not have an impact to the Group's consolidated financial statements since the Parent Company and its subsidiary would not qualify as an investment entities.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively. The amendments did not have any impact on the Group's financial position or performance since it does not offset its financial instruments.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014. The recoverable amounts of the Group's non-financial assets for which impairment losses were recognized are presented in Note 7.

- PAS 39, *Financial Instruments: Recognition and Measurement -Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. The amendments did not have any impact on the Group's financial position or performance since it has no derivative and hedging instruments.

- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. The interpretation will not have any impact on the Group's consolidated financial statements as it has applied the recognition principles under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, consistent with the requirements of IFRIC 21 in prior years.

Annual improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

- Amendment toPFRS 13, *Fair Value Measurement - Short-term Receivables and Payables*
  The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment did not have an impact on the Group's financial position or performance since the Group's policy is already consistent with the amendment.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Meaning of 'Effective PFRSs'*
  The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment is not applicable to the Group as it is not a first-time adopter of PFRS.

<u>Future Change in Accounting Policies</u>
The Group will adopt the following new and amended standards and interpretations enumerated below when these becomes effective.

Effective in 2015

- PAS 19, *Employee Benefits- Defined Benefit Plans: Employee Contributions*
  The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014. This amendment will not be relevant to the Group since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010 - 2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015.

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. This amendment does not apply to the Group as it has no share-based payments.

- Amendment to PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted). The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Group shall consider this amendment for future business combinations.

- Amendment to PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments affect disclosures only on the judgment made by management in aggregating operating segments and have no impact on the Group's financial position or performance.

- Amendment to PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*
  The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
  b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

  The amendment is effective for annual periods beginning on or after July 1, 2014. The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment has no impact on the Group's financial position or performance since the Group does not carry its property and equipment at revalued amount.

- Amendment to PAS 24, *Related Party Disclosures - Key Management Personnel*
  The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel

services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments will not have an impact on the Group's financial position or performance since the Group's related party disclosures are already consistent with the amendments.

- Amendment to PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*
  The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
  b. The accumulated amortization is eliminated against the gross carrying amount of the asset.

  The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard. The amendments are effective for annual periods beginning on or after July 1, 2014. The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendments have no impact on the Group's financial position or performance since the Group has no intangible assets.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment will have no impact on the Group's consolidated financial statements since there is no entity in the Group that is considered as a joint arrangement.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment will have no impact on the Group's financial position or performance since the Group's accounting policy is already consistent with the improvement.

- PAS 40, *Investment Property*
  The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The Group shall consider this amendment for future acquisition of investment property.

Effective in 2016

- PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have an impact to the Group given that the Group has no intangible asset and has not used a revenue-based method to depreciate its property and equipment.

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

- PAS 27, *Separate Financial Statements-Equity Method in Separate Financial Statements* (Amendments)
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have an impact on the Group's consolidated financial statements since the Group is already using equity accounting. The

Group is currently assessing the impact of these amendments in the separate financial statements of each entities in the Group.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016. These amendments will not have an impact on the Group's consolidated financial statements since the Group is not involved in any sale or contribution of assets with its associate or joint venture.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Group shall consider this amendment for future acquisition of interest in joint operations.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. The amendment will not have an impact on the Group's consolidated financial statements since the Group is an existing PFRS preparer and has no activities subject to rate regulation.

Annual Improvements to PFRSs (2012-2014 cycle)
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016.

- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment will not have an impact on the Group's consolidated financial statements since the Group does not have noncurrent assets held for sale nor any discontinued operations.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. The amendment will not have an impact on the Group's consolidated financial statement since the Group is not a party to any servicing contracts pertaining to continuous involvement on derecognized asset.

- PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report. The amendment does not apply to the Group's consolidated financial statements since the Group does not offset its financial instruments.

- PAS 19, *Employee Benefits - regional market issue regarding discount rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendments will not have an impact on the Group's consolidated financial statements since the Group's policy is already consistent with the amendment.

- PAS 34, *Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The amendments will not have an impact on the Group's consolidated financial statements since the Group already presents the required interim disclosures in its interim financial statements.

Effective in 2018

- PFRS 9, *Financial Instruments - Classification and Measurement* (2010 version)

PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. 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 other comprehensive income (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 not have an impact on the Group's consolidated financial statements since the Group has no debt or equity instruments at FVPL, AFS financial assets and HTM investments.

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

- PFRS 9, *Financial Instruments-Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39* (2013 version)

  PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

  PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

  The amendments will not have an impact on the Group's consolidated financial statements since the Group is not involved in any hedging transactions.

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

  The adoption of the final version of PFRS 9 will not have an impact on the Group's consolidated financial statements since the Group has no debt or equity instruments at FVPL, AFS financial assets and HTM investments. In addition, the Group is not involved in any hedging transactions.

No effective date yet

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The 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. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation will not have an impact on the consolidated financial statements of the Group since it is not involved in the construction of real estate.

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

<u>Cash and Cash Equivalents</u>
Cash includes cash on hand and deposits held on demand with banks that are carried in the consolidated statement of financial position at face amount and earn interest based on the prevailing bank deposit rates. Cash equivalents are short term, highly liquid investments that are already convertible to known amounts of cash with maturities of three months or less from the date of placement and are subject to an insignificant risk of changes in value.

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability on the consolidated 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 Group 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.

As of June 30, 2015 and December 31, 2014, the Group has no financial assets and liabilities at FVPL, AFS financial assets and HTM investments.

Day 1 profit

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

This accounting policy relates to the consolidated statement of financial position captions "Cash and cash equivalents", "Receivables", "Short-term deposits" and "Due from a related party".

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 Group's "Trade and other payables", "Due to related parties", "Loans payable" 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.

Impairment of Financial Assets
The Group 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 Group 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 Group 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 profit or loss 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 profit or loss, 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 Group 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 Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. 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 Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any difference between loss estimate and actual loss experience.

<u>Derecognition of Financial Assets and Liabilities</u>
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 Group 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 Group 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 Group 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 Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group 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 profit or loss.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated 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.

Fair Value
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the assets or liability, assuming that market participants act in their economic best interest.

Fair value hierarchy
The Group 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.

Financial instruments
The fair values for financial instruments traded in active markets at the reporting date are based on their quoted market prices (any price between the bid and ask spred), without any deduction for transaction costs. When current market 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.

Nonfinancial asset
Fair value measurement of nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

The Group's management determines the policies and procedures for both recurring fair value measurement and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Other Current Assets
Other current assets, including prepayments, represent expenses not yet incurred but already paid in advance. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit and loss as the benefits are consumed in operations or expired with the passage of time.

Deposits
Deposits represent deposits to a government agency as a surety bond which is measured at cost.

Investments in an Associate and a Joint Venture
Associates are entities in which the Group has significant influence and which are neither subsidiaries nor joint ventures of the Group. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint

control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

A joint venture is an entity, not being a subsidiary or an associate, in which the Group exercises joint control together with one or more venturers. Investments in an associate and a joint venture are accounted for under the equity method of accounting in the consolidated financial statements.

Under the equity method, the investments in associate and joint venture are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate, less dividends declared and impairment in value. If the Group's share of losses of an associate and joint venture equals or exceeds its interest in the associate, the Group discontinues recognizing its share of further losses. The interest in an associate and a joint venture is the carrying amount of the investment in the associate and joint venture under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate and joint venture. After application of the equity method, the Group determines whether it is necessary to recognize any impairment loss with respect to the Group's net investments in the associate and joint venture. The consolidated statement of income reflects the Group's share in the results of operations of its associate and joint venture. This is included in the "Equity in net earnings of an associate and a joint venture" account in the consolidated statement of income. After the Group's interest is reduced to zero, additional losses are provided to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate and joint venture.

When there has been a change recognized directly in the equity of the associate and joint venture, the Group recognizes its share of any change and discloses this, when applicable, in the consolidated statement of changes in equity.

The reporting dates of the associate, joint venture and the Group are identical and the accounting policies of the associate and joint venture conform to those used by the Group for like transactions and events in similar circumstances.

Unrealized gains arising from intercompany transactions with its associate and joint venture are eliminated to the extent of the Group's interest in the associate and joint venture. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at fair value and will subsequently be measured using the policy on financial assets. Any difference between the carrying amount of the associate and joint venture upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss.

Investment Property

Property held for long-term rental and/or capital appreciation are classified as investment property. Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost, less any accumulated depreciation and amortization and any accumulated impairment in value.

Investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner-occupation, commencement of an operating lease to another party or by the end of construction or development.

Depreciation of investment property is computed using the straight-line method over the estimated useful life of 35 years.

The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from its investment property.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of such property and equipment when such cost is incurred if the recognition criteria are met.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Building	35
Building improvements	5
Development costs	5 to 15
Transportation equipment	5 to 10
Office equipment	2 to 5

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

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

Impairment of Nonfinancial Asset

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Investments in an associate and a joint venture
After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the fair value less cost to sell and the carrying value of the investee company and recognizes the difference in profit or loss.

<u>Equity</u>
Capital stock
Capital stock is measured at par value for all shares issued and outstanding. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings
Retained earnings represent the cumulative balance of net income or loss of the Group, net of any dividend distribution.

<u>Revenue Recognition</u>
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Regardless of when the payment is being made, revenue is measured at fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Service income
Service income is recognized when services are rendered.

Rental income
The Group leases out office spaces and transportation and heavy equipment under cancellable operating leases. Rental income arising from investment property and transportation and heavy equipment is recognized as income in profit or loss based on the terms of the operating leases.

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

Costs and Expenses
Cost and expenses, are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in Group's equity, other than those relating to distributions to stockholders.

Cost of services
Cost of services include costs relating directly to a specific contract, costs that are attributable to a contract activity in general and can be allocated to the contract and other costs that can be charged to the customer under the contract. These are recognized when incurred.

General and administrative expenses
General and administrative are recognized in profit or loss in the period these are incurred.

Leases
The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A restatement is made after the inception of the lease only if one of the following applies:

(a) there is a change in the contractual terms, other than a renewal or extension of the arrangement;
(b) a renewal option is exercised or extension granted, unless the term of the renewal and extension was initially included in the lease term;
(c) there is a change in the determination of whether the fulfillment is dependent on a specified asset; or
(d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date of the change in circumstances that gave rise to the reassessment for scenarios (a), (c) and (d) above and at the date of renewal or extension period for scenario (b).

Group as a lessor
Lease of assets under which the Group effectively retains all the risks and rewards of ownership is classified as operating lease. Lease payments under an operating lease are recognized as an income in profit or loss based on the terms of the operating leases.

Retirement Cost
The Group, through BEST, has a funded, non-contributory retirement plan, administered by a trustee, covering its regular employees. Retirement cost is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined retirement costs comprise the following:

(a) Service costs
(b) Net interest on the net defined benefit liability or asset
(c) Remeasurements of net defined benefit liability or asset

Service costs which include current service cost, past service cost and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as interest expense or interest income in profit or loss.

Remeasurements comprising actuarial gains and losses and return on plan assets (excluding net interest on defined benefit liability) are recognized immediately in OCI under "Actuarial gains/losses on defined benefit plan" in the period in which they arise. Remeasurements are not recycled to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

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

Short-term Benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include compensation, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits.

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 balance sheet 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 future 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 future 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 relating to items recognized outside profit or loss is recognized in correlation to the underlying transaction either in OCI or directly in equity.

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 Group's statement of financial position.

Other Comprehensive Income

Other comprehensive income comprises items of income and expense (including items previously presented under the statement of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS. Other comprehensive income includes actuarial gains and losses on defined benefit obligation. Other comprehensive income that will be reclassified subsequently to profit or loss is presented separately from other comprehensive income that will not be reclassified to profit or loss in the future.

Operating Segment

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Disclosure of segment information is presented in Note 23.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group 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 profit or loss, net of any reimbursement.

Contingencies

Contingent liabilities are not recognized in the consolidated 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 consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Basic/Diluted Earnings Per Share (EPS)

EPS is computed by dividing net income for the year attributable to common shareholders by the weighted average number of common shares issued and outstanding during the year, with retroactive adjustments for any stock dividends declared.

Events After the Reporting Date

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

3. Significant Accounting Judgments and Estimates

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

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.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements. Among the significant accounting judgments made by the Group are as follows:

Assessment of control

The Parent Company classifies its investee companies as subsidiary if the Parent Company achieves control over the companies. Control is presumed to exist if the parent owns, directly or indirectly, more than half of the voting power of an entity unless, in an exceptional circumstances it can be clearly demonstrated that such ownership does not constitute control. Control is achieved when the Parent Company is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In the event the Parent Company loses this power, the Parent Company will have to change the classification of its investment in investee companies.

In identifying the accounting acquirer of the Group, the key determinant considered is the power to govern the financial and operating policies of the other so as to obtain benefits from its activities. BEST is the combining entity whose owners as a group received the largest portion of the voting rights in the Group, hence, is regarded as the accounting acquirer.

Assessment of significant influence
The Group classifies its investee companies as an associate if the Group has significant influence in the investee company. Significant influence is presumed to exist if the Group has a holding of 20% or more of the voting power of the investee. Holding of less than 20% of the voting power is presumed not to give rise to significant influence, unless it can be clearly demonstrated that there is in fact significant influence.

As of June 30, 2015, the Group holds 16% interest in MCWM. The Group exercise significant influence in MCWM due to the presence of BEST's President in the Board of MCWM. The President of BEST, hence, effectively has a participation in the policy-making processes of MWMC.

As of June 30, 2015, BEST holds 60% interest in ERC. Joint control exists as decisions about the relevant activities of ERC require the unanimous consent of both BEST and LIEI, which is supported by the contractual agreement of the parties to the following:

- The affirmative vote of shareholders representing at least 75% of the issued share capital shall be required to pass a shareholders resolution;
- ERC shall be governed by the BOD that will comprise of 5 directors (3 nominated by BEST and 2 nominated by LIEI), whereby 4 directors shall be required to pass a board resolution.

Distinction between investment properties and owner occupied properties
The Group determines whether a property qualifies as investment property or owner-occupied property. In making its judgment, the Group considers whether the property generated cash flows largely independently of the other assets held by an entity or for capital appreciation. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the supply of services or for administrative purposes.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the supply of services or for administrative purposes. If these portions cannot be sold separately as of the reporting date, the property is accounted for as investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes. Judgment is applied in determining whether ancilliary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

The disclosures on the Group's investment property and property and equipment are presented in Notes 10 and 11, respectively.

Operating lease - Group as lessor
The Group has entered into various commercial property leases on its investment property. The Group has determined that it retains all the significant risks and rewards of ownership of

the property as the Group considered, among others, the length of the lease term as compared with the estimated life of the assets. The Group's operating lease contracts are accounted for as noncancellable operating leases. In determining whether a lease contract is cancellable or not, the Group considers, among others, the significance of the penalty, including economic consequence to the lessee.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty as of the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years, are discussed below:

Allowance for doubtful accounts
The Group maintains allowance for doubtful accounts on its receivables at a level adequate to provide for any potential uncollectible receivables. The level of this allowance is regularly evaluated by the Group. The Group assesses whether objective impairment exists for the receivable by considering the financial condition and credit history of the counterparty. Moreover, the Group also considers its historical loss experience in assessing collective impairment of receivables. The Group reviews the status of the receivables and identifies amounts that are to be provided with allowance on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in the Group's allowance for doubtful accounts on receivables would increase the Group's recorded expenses and decrease current assets.

Estimated useful lives of investment property and property and equipment
The useful life of each of the Group's investment property and 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 industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each item of investment property and property and equipment 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 expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any investment property and property and equipment would increase the recorded general and administrative expenses and decrease noncurrent assets.

Impairment of non-financial assets
The Group assesses impairment on non-financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. The Group recognizes an impairment loss if such indications are present and whenever the carrying amount of an asset exceeds its recoverable amount.

This requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that these assets are impaired. Any resulting additional impairment loss could have a material adverse impact on the Group's financial condition and results of operations.

As of June 30, 2015, the Group did not recognize any impairment loss on its nonfinancial assets. The carrying values of investments in an associate and a joint venture, investment property, and property and equipment are disclosed in Notes 7, 9 and 10, respectively.

Retirement benefits
The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position or disclosed in the notes to the consolidated financial statements cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models such as discounted cash flow technique. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values.

Recoverability of deferred tax assets
The Group's assessment on the recognition of deferred tax assets on non-deductible temporary differences and carry forward benefit of NOLCO is based on the forecasted taxable income of the following reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses.

4. **Cash and Cash Equivalents**

This account consists of:

	30-June-15	31-Dec-14
Cash on hand	**₱5,000**	₱65,000
Cash in banks	**4,556,623**	21,256,523
Cash equivalents		–
	4,561,623	₱21,321,523

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents have original maturities of three months or less from dates of placement and earned interest of 1% per annum in 2014.

5. Receivables

This account consists of:

	30-June-15	31-Dec-14
Trade receivables		
Related parties (Note 15)	**₱441,314,462**	₱384,426,849
Local government units (LGUs)	**19,679,824**	19,588,005
Private entities	**8,873,111**	7,387,673
	469,867,397	411,402,527
Loans receivable (Note 15)	**31,000,000**	31,000,000
Advances to officers and employees	**682,190**	662,345
Interest receivable (Note 15)	**308,260**	308,260
Advances to suppliers	**356,158**	83,776
Others	**1,066,172**	1,066,172
	503,280,177	444,523,080
Less allowance for impairment losses on trade receivables from LGUs	**2,733,892**	2,733,892
	500,546,285	441,789,188
Less noncurrent portion of trade receivables from related parties	**37,584,527**	37,584,527
	₱462,961,758	₱404,204,661

Trade receivables pertain to receivables from services rendered and rental of equipment earned by BEST in the ordinary course of its business operations. Trade receivables are noninterest-bearing and collectible within one year.

6. Other Current Assets

This account consists of:

	30-June-15	31-Dec-14
Input VAT	**₱17,242,824**	₱18,367,343
Prepayments	**3,953,210**	1,976,300
Creditable withholding taxes	**1,137,430**	1,137,430
Prepaid maintenance	**193,665**	
Prepaid insurance	**3,333**	13,333
Miscellaneous deposits	**15,669**	15,669
	22,546,131	21,510,075
Less allowance for impairment losses	**4,364,955**	4,581,137
	₱18,181,176	₱16,928,938

7. Investments in an Associate and a Joint Venture- at equity

The details of the Group's investments in an associate and a joint venture accounted for under the equity method as of June 30, 2015 and December 31, 2014 follow:

	Associate		Joint Venture		Total	
	Metroclark Waste Management Corporation (MWMC)		Ecoedge Resources Corporation (ERC)			
	30-June-15	31-Dec-14	30-June-15	31-Dec-14	30-June-15	31-Dec-14
Investments	**₱32,393,358**	**₱32,393,358**	**₱51,412,499**	**₱2,812,499**	**₱83,805,857**	**₱35,205,857**
Additional investment	–	–	–	**48,600,000**	–	**₱48,600,000**
	32,393,358	**32,393,358**		**51,412,499**	**₱83,805,857**	**₱83,805,857**
Accumulated share in net earnings (losses):						
Balance at beginning of year	**12,548,066**	9,412,455	**(5,152,788)**	(175,176)	7,395,278	9,237,279
Equity in net earnings (losses) of an associate and joint venture	**2,195,214**	3,135,611	**(6,790,481)**	(4,977,612)	(4,595,267)	(1,842,001)
	14,743,280	**12,548,066**	**(11,943,268)**	(5,152,788)	2,800,011	7,395,278
Balance at end of year	**₱47,136,638**	**₱44,941,424**	**₱39,469,230**	**₱46,259,711**	**86,605,868**	**91,201,135**

MCWM

MCWM was incorporated on March 6, 2002 with the primary purpose of managing, supervising and operating a waste management system for the efficient, hygienic, and economical collection, segregation, recycling, composting, filling, disposing, treating and managing of commercial, industrial and other waste garbage, refuse and similar items and engaging in related activities. The registered business address of MCWM is at Clark Special Economic Zone, Clark Field Pampanga.

As of June 30, 2015, the Group holds 16% interest in MCWM. The Group exercise significant influence in MCWM due to the presence of BEST's President in the Board of MCWM. The President of BEST, hence, effectively has a participation in the policy-making processes of MWMC.

ERC

On November 6, 2013, BEST entered into a joint venture agreement with Lafarge Industrial Ecology International, S.A. (LIEI) to organize and establish ERC to engage in the development, utilization of renewable energy sources for non-power applications, and in particular, the production, processing, packaging, distribution and/or sale of fuel generated from municipal solid waste, such as refuse derived fuel, and pursuant thereto, to establish renewable energy systems or facilities, and to engage in any activity pursuant or incidental thereto. ERC was incorporated on November 27, 2013 and its registered address is Unit 103, GF Prestige Tower Condominium, F. Ortigas Jr. Road, Ortigas Center, Pasig City.

As of June 30, 2015, BEST holds 60% interest in ERC. Joint control exists as decisions about the relevant activities of ERC require the unanimous consent of both BEST and LIEI, which is supported by the contractual agreement of the parties to the following:

- The affirmative vote of shareholders representing at least 75% of the issued share capital shall be required to pass a shareholders resolution;
- ERC shall be governed by the BOD that will comprise of 5 directors (3 nominated by BEST and 2 nominated by LIEI), whereby 4 directors shall be required to pass a board resolution.

8. Deposits

As of June 30, 2015 and December 31, 2014, BEST made deposits to GSIS as surety bond amounting to ₱3,155,365.These deposits were made in favor of BEST's contracting parties, which are government offices, so that the completion of the project is guaranteed. If the Group fails to execute the services according to the specifications laid out in the respective contracts, the government offices will receive guaranteed compensation for any monetary loss up to the amount of the performance bond.

9. Investment Property

The Group own two condominium units located in Pasig City. The condominium unit is being used by the company while the other unit is being leased out. The allocated cost and accumulated depreciation of the transferred condominium units are allocated based on the area (in square meters) of the space leased out.

Cost and accumulated depreciation of the Group's investment property follow:

	30-June-15	31-Dec-14
Cost:		
Transfer from property and equipment (Note 11)	**₱38,535,329**	₱38,535,329
Accumulated depreciation:		
Balance at beginning of year	**1,117,443**	1,101,010
Depreciation (Note 16)	**1,659,731**	1,117,443
	2,777,174	2,218,453
Net book value	**₱35,758,155**	₱36,316,876

A report by an independent appraiser dated January 7, 2015 indicated that the fair market value of the investment property amounted to ₱39.3 million as of December 31, 2014.

10. **Property and Equipment**

This account consists of:

2015

	Land	Condominium unit and Improvements	Transportation and Heavy Equipment	Office Furniture and Fixtures	Development Cost	Total
Cost						
At January 1, 2015	**₱115,252,700**	**₱34,717,631**	**₱83,640,913**	**₱1,849,224**	**₱41,034,908**	**₱276,495,376**
Additions	–	–		**85,893**	–	**85,893**
At June 30, 2015	**115,252,700**	**34,717,631**	**83,640,913**	**1,935,117**	**41,034,908**	**276,581,269**
Accumulated Depreciation and Amortization						
At January 1	–					
Depreciation and amortization (Notes 14 and 15)	–	**576,798**	**5,706,549**	**1,161,049**	**3,086,415**	**10,530,811**
At June 30, 2015	–	**576,798**	**5,706,549**	**1,161,049**	**3,086,415**	**10,530,811**
Net Book Value	**₱115,252,700**	**₱34,140,833**	**₱77,934,364**	**₱774,068**	**₱37,948,493**	**₱266,050,458**

2014

	Land	Building and Improvements	Transportation and Heavy Equipment	Office Equipment	Development Cost	Total
Cost						
At January 1, 2014	₱115,252,700	₱36,962,660	₱123,116,870	₱2,401,685	₱104,146,099	₱381,880,014
Additions	–	–	697,501	789,457	–	1,486,958
At December 31, 2014	115,252,700	36,962,660	123,814,371	3,191,142	104,146,099	383,366,972
Accumulated Depreciation and Amortization						
At January 1	–	1,061,722	28,760,361	511,766	56,938,361	87,272,210
Depreciation and amortization (Notes 14 and 15)	–	1,183,307	11,413,097	830,152	6,172,830	19,599,386
At December 31, 2014	–	2,245,029	40,173,458	1,341,918	63,111,191	106,871,596
Net Book Value	₱115,252,700	₱34,717,631	₱83,640,913	₱1,849,224	₱41,034,908	₱276,495,376

11. Trade and Other Payables

This account consists of:

	30-June-15	31-Dec-14
Trade payable		
Related parties (Note 15)	**₱**	₱10,040,244
Third parties	**5,152,374**	7,188,170
	5,152,374	17,228,414
Payable to government agencies	**58,717,865**	63,303,405
Provision	**1,167,512**	1,167,512
Accrued expenses	**2,936,901**	699,299
Others	**84,521**	78,188
	₱68,059,173	₱82,476,818

Trade and other payables are non-interest-bearing and are generally settled within one year.

Trade payables comprise of payables in the contracting and consulting operations of BEST to provide waste disposal services. Trade payables to third parties comprise of cash deposits or advances made by the contracting parties, who are customers of BEST to whom BEST is committed to render its services, for the acquisition of necessary materials from suppliers in line with contracted services, which are unsecured non-interest-bearing, and have no fix term of repayment.

Accrued expenses pertain to unreleased checks and accruals of professional fees and salaries and wages. These are non-interest-bearing and payable within 30 days.

Taxes payable pertain to output tax payable, documentary stamp tax, withholding tax on compensation and expanded withholding tax. These also include liabilities arising from contributions to Social Security System, Philippine Health Insurance Corporation and Pag-IBIG Fund, which are remitted within one month from reporting date.

Provision pertains to accrual for deficiency taxes paid subsequent to reporting period.

12. Equity

Capital Stock

The authorized capital stock of MIC follows:

	30-June-15	31-Dec-14
Authorized number of shares:		
At the beginning of the year	**740,000,000**	240,000,000
Increase in shares authorized to issue	–	500,000,000
At the end of the year	**740,000,000**	740,000,000
Number of shares issued and outstanding:		
At the beginning of the year	**690,000,000**	190,000,000
Issuance of shares of stock	–	500,000,000
At the end of the year	**690,000,000**	690,000,000

Retained earnings
For purposes of dividend declaration, the retained earnings shall be that of the legal parent presented in the separate financial statements. As of December 31, 2014 and 2013, the Parent Company is in a deficit position hence no dividends were declared during the years covered.

The details of MIC's deficit are as follows:

	30-June-15	31-Dec-14
Balance at beginning of year	**₱199,603,954**	₱195,870,153
Net loss during the year	**1,075,058**	3,733,801
	₱200,679,012	₱199,603,954

Appropriations
BEST's BOD approved the appropriation of retained earnings as follows:

Date of Appropriation	Amount
March 31, 2009	₱7,500,000
April 8, 2010	2,500,000
April 13, 2011	500,000
April 12, 2012	4,303,219
	₱14,803,219

The appropriations made by BEST represent continuing appropriation for future capital expenditures and property acquisitions in the field of waste to energy technology. Each year, BEST incurs capital expenditures and property acquisitions. The appropriations are being fully utilized to cover part of the annual expenditure requirement of BEST.

Noncontrolling Interests
On June 16, 2014, the other stockholders of BEST made additional investments amounting to ₱20,250,000.

13. Related Party Transactions

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 Group; (b) associates; and (c) individual owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individuals.

The following table provides the total amount of transactions and outstanding balances that have been entered into with related parties for the relevant financial year:

Category	30-June-15	31-Dec-14
Trade receivables:		
IPMCDC	**₱34,782,762**	₱4,975,223
IPMESI	**405,661,307**	376,214,533
IPMRDC	**870,393**	3,234,093
ERC	**-**	3,000
	441,314,462	₱384,426,849
Due from Joint Venture	**716,162**	716,162
Loans Receivable:		
Joint venture	**31,000,000**	31,000,000
Interest Receivable	**308,260**	308,260
	₱31,308,260	₱31,308,260
Trade payables:		
IPMCDC	**₱**	₱10,040,244
IPMRDC		
	₱	₱10,040,244
Due to:		
IPMCDC	**22,344,543**	₱2,758,786
IPMESI	**-**	2,276,908
IPMRDC	**8,264**	-
	₱22,352,807	₱5,038,694

14. **Cost of Services**

This account consists of:

	Quarters Ended June 30	
	2015	2014
Rent	**₱22,562,017**	10,618,787
Contract costs	**6,817,705**	6,945,424
Depreciation and amortization	**4,396,482**	8,536,172
Chemical sprays	**1,829,464**	2,294,643
Materials and tools	**267,857**	2,548,232
Fuel and oil	**2,120,412**	3,434,316
Repairs and maintenance	**2,919,539**	3,114,980
Salaries and wages	**993,513**	1,028,650
Security and janitorial	**285,307**	
Transportation and travel	**57,937**	44,293
Taxes and licenses	**104,113**	
Supplies	**79,093**	74,470
Utilities	**26,711**	46,529
Insurance		7,070
Professional fees	**100,000**	-
Others	**58,829**	12,712
	₱42,618,979	38,707,279

	Six Months Ended June 30	
	2015	2014
Rent	**₱40,101,843**	25,471,828
Contract costs	**13,578,646**	14,155,407
Depreciation and amortization	**9,715,168**	17,072,344
Chemical sprays	**3,758,036**	4,223,214
Materials and tools	**554,068**	2,814,208
Fuel and oil	**4,097,317**	7,287,246
Repairs and maintenance	**5,062,828**	5,137,532
Salaries and wages	**2,020,931**	2,232,113
Security and janitorial	**482,781**	-
Transportation and travel	**62,760**	188,102
Taxes and licenses	**1,012,998**	337,175
Supplies	**86,282**	103,977
Utilities	**42,882**	85,238
Entertainment, amusement and recreation	**1,590**	3,442
Insurance	**-**	35,013
Professional fees	**100,000**	7,627
Others	**60,379**	19,769
	₱80,738,509	79,174,237

15. **General and Administrative Expenses**

This account consists of:

	Quarters Ended June 30	
	2015	2014
Taxes and licenses	**₱717,572**	₱717,967
Salaries, wages and employee benefits	**2,070,044**	2,446,640
Depreciation	**755,789**	2,767,498
Professional fees	**117,586**	321,601
Utilities	**259,771**	228,477
Office supplies and printing costs	**110,104**	87,651
Entertainment, amusement and recreation	**199,860**	45,281
Repairs and maintenance	**116,046**	295,028
Stock exchange listing fee	**96,833**	95,887
Transportation and travel	**92,728**	35,618
Directors' fee	**90,000**	80,000
Interest	**82,580**	15,270
Security and janitorial	**102,741**	-
Rent	**80,357**	-
Communication	**-**	98,035
Contribution/Donation	**-**	34,732
Fuel and oil	**14,966**	-
Postage and telegram	**10,010**	-
Membership	**87,573**	-
Miscellaneous	**192,487**	55,515
	₱5,197,047	₱7,325,200

	Six Months Ended June 30	
	2015	2014
Taxes and licenses	**₱5,752,090**	₱2,924,180
Salaries, wages and employee benefits	**3,942,147**	4,419,416
Depreciation	**1,374,365**	5,534,997
Professional fees	**526,510**	1,528,759
Utilities	**470,262**	366,482
Office supplies and printing costs	**171,867**	145,993
Entertainment, amusement and recreation	**430,532**	86,267
Repairs and maintenance	**133,003**	322,955
Stock exchange listing fee	**193,665**	233,065
Transportation and travel	**117,959**	97,520
Directors' fee	**90,000**	160,000
Interest	**139,507**	711,464
Security and janitorial	**163,149**	-
Rent	**80,357**	-
Communication	**-**	188,714
Contribution/Donation	**-**	34,732
Fuel and oil	**17,984**	-
Postage and telegram	**10,010**	-
Membership	**87,573**	-
Miscellaneous	**329,621**	132,879
	₱14,030,601	₱16,887,423

16. **Basic/Diluted Earnings per Share**

Basic/diluted loss per share was computed as follows:

	Quarters Ended June 30	
	2015	2014
Net income (a)	**₱9,889,995**	₱15,623,125
Weighted average number of outstanding common share (b)	**690,000,000**	690,000,000
Basic/diluted earnings per share (a/b)	**0.01**	₱0.02

	Six Months Ended June 30	
	2015	2014
Net income (a)	**₱17,703,404**	₱25,555,957
Weighted average number of outstanding common share (b)	**690,000,000**	690,000,000
Basic/diluted earnings per share (a/b)	**₱0.03**	₱0.04

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

17. **Financial Risk Management Objectives and Policies**

The Group's principal financial assets and liabilities comprise of cash and cash equivalents, receivables, short-term deposits, due to/from related parties and loans payable. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group has established a risk management function with clear terms of reference and with the responsibility for developing policies on credit risk, liquidity risk, and market risks. It also supports the effective implementation of policies. The policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets to the corporate goals and specify reporting requirements.

The main risk arising from the Group's consolidated financial statements are credit risk, liquidity risk, and market risks. The BOD reviews and approves the policies for managing each of these risks which are summarized below:

<u>Credit risk</u>
Credit risk arises when the counterparty to a financial asset of the Group is unable to fulfill its obligation in time the obligation becomes due. Credit risk arises from the Group's financial assets, which comprise cash and cash equivalents, trade receivables and short-term deposits Credit risk pertains to the risk that a party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

The table below shows the maximum exposure to credit risk of the financial assets of the Group:

	30-June-15	31-Dec-14
Loans and receivables:		
Cash and cash equivalents*	**₱4,556,623**	₱21,256,523
Receivables:		
Trade	**468,199,677**	409,734,807
Loan	**31,000,000**	31,000,000
Interest	**308,260**	308,260
Due from a related party	**716,162**	716,162
Short-term deposit	**–**	
	₱504,780,722	₱463,015,752

**excluding cash on hand*

The gross maximum exposure to credit risk of the Group approximates its net maximum exposure. There were no amounts that are set-off in accordance with the requirements of PAS 32. There were no amounts subject to an enforceable master-netting arrangement or similar agreement as of June 30, 2015 and December 31, 2014.

The aging analysis of financial assets as of June 30, 2015 and December 31, 2014 follows:

	June 30, 2015				
	Neither Past Due nor Impaired	**Past Due but not Impaired**			
	High Grade	**31 to 60 Days**	**61 to 90 days**	**Impaired**	**Total**
Financial assets:					
Loans and receivables:					
Cash and cash equivalents*	**₱4,556,623**	**₱–**	**₱–**	**₱–**	**₱4,556,623**
Receivables:					
Trade	**23,826,366**	**58,645,707**	**384,059,884**	**1,667,720**	**468,199,677**
Loans	–	–	**31,000,000**	–	**31,000,000**
Interest	**308,260**	–	–	–	**308,260**
Others	–	–	–	**1,066,172**	**1,066,172**
Due from a related party	**716,162**	–	–	–	**716,162**
	₱29,407,411	**₱58,645,707**	**₱415,059,884**	**₱2,733,892**	**₱505,846,894**

**excluding cash on hand*

	December 31, 2014				
	Neither Past Due nor Impaired	Past Due but not Impaired			
	High Grade	31 to 60 Days	61 to 90 days	Impaired	Total
Financial assets:					
Loans and receivables:					
Cash and cash equivalents*	₱21,256,523	₱–	₱–	₱–	₱21,256,523
Receivables:					
Trade	86,781,025	23,029,397	298,256,665	1,667,720	409,734,807
Loans	–	–	31,000,000	–	31,000,000
Interest	308,260	–	–	–	308,260
Others	–	–	–	1,066,172	1,066,172
Due from a related party	716,162	–	–	–	716,162
	₱109,061,970	₱23,029,397	₱329,256,665	₱2,733,892	₱464,081,924

**excluding cash on hand*

High grade assets are considered as having very low risk and can easily be converted to cash. These assets are considered for counterparties that possess strong to very strong capacity to meet their obligations.

The Group trades with only recognized, creditworthy third parties; thus, there is no requirement for collateral. 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 Group's exposure to debts is not significant. There are no significant concentrations of credit risk within the Group.

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. 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 Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Group 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 Group also maintains accounts with several relationship banks to avoid significant concentration of cash with one institution.

The table below summarizes the maturity profile of the Group's nonderivative financial assets and liabilities as of June 30, 2015 and December 31, 2014 based on contractual undiscounted payments:

	June 30, 2015					
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than One Year**	**No Term**	**Total**
Financial assets						
Loans and receivables:						
Cash and cash equivalents	**₱4,561,623**	**₱–**	**₱–**	**₱–**	**₱–**	**₱4,561,623**
Receivables:						
Trade	**406,788,784**	**–**	**23,826,366**	**37,584,527**	**–**	**468,199,677**
Loan	**–**	**–**	**31,000,000**	**–**	**–**	**31,000,000**
Interest	**–**	**–**	**308,260**	**–**	**–**	**308,260**
Due from a related party	**716,162**	**–**	**–**	**–**	**–**	**716,162**
	₱412,066,569	**₱–**	**₱55,134,626**	**₱37,584,527**	**₱–**	**₱504,785,722**
Financial liabilities						
Trade and other payables (excluding taxes payable)	**₱**	**₱5,152,374**	**₱–**	**₱–**	**₱–**	**₱5,152,374**
Due to related parties		**22,352,807**	**–**	**–**	**–**	**22,352,807**
	₱	**₱27,505,181**	**₱–**	**₱–**	**₱–**	**₱27,505,181**

	December 31, 2014					
	On Demand	Less than 3 Months	3 to 12 Months	More than One Year	No Term	Total
Financial assets						
Loans and receivables:						
Cash and cash equivalents	₱21,321,523	₱–	₱–	₱–	₱–	₱21,321,523
Receivables:						
Trade	349,818,000	–	22,332,280	37,584,527	–	409,734,807
Loan	–	–	31,000,000	–	–	31,000,000
Interest	–	–	308,260	–	–	308,260
Due from a related party	716,162	–	–	–	–	716,162
	₱371,855,685	₱–	₱53,640,540	₱37,584,527	₱–	₱463,080,752
Financial liabilities						
Trade and other payables (excluding taxes payable)	₱–	₱18,005,901	₱–	₱–	₱–	₱18,005,901
Due to related parties	5,038,694	–	–	–	–	5,038,694
Loans payable	–	–	–	–	–	–
	₱5,038,694	₱18,005,901	₱–	₱–	₱–	₱23,044,595

Market risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise risks such as interest rate risk, equity price risk, and foreign currency risk.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans payable with interest rates that are repriced every 30 days at prevailing market rate.

Foreign currency risk
The Group is not exposed to foreign currency exchange rate risk since it has no financial instruments denominated in foreign currency.

Capital Management
The primary objective of the Group'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 Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.
The Group's risk management function has developed and implemented certain minimum stress and scenario tests for identifying the risk to which the Group is exposed, quantifying their impact on the volatility of economic capital. The results of these tests, particularly, the anticipated impact on the realistic statement of financial position and revenue account, are reported to the Group's risk management function. The risk management function then considers the aggregate impact of the overall capital requirement revealed by the stress testing to assess how much capital is needed to mitigate the risk of insolvency to a selected remote level.

Fair Value Information
Due to the short term nature of the Group's financial instruments, their fair values approximate their carrying amounts as of June 30, 2015 and December 31, 2014.

	June 30, 2015		December 31, 2014	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	**₱4,561,623**	**₱4,561,623**	₱21,321,523	₱21,321,523
Trade receivables	**468,199,677**	**468,199,677**	409,734,807	409,734,807
Due from a related party	**716,162**	**716,162**	716,162	716,162
	₱473,477,462	**₱473,477,462**	₱431,772,492	₱431,772,492
Financial liabilities				
Trade and other payables (excluding taxes payable)	**₱9,341,308**	**₱9,341,308**	₱19,173,413	₱19,173,413
Due to related parties	**22,352,807**	**22,352,807**	5,038,694	5,038,694
	₱31,694,115	**₱31,694,115**	₱24,212,107	₱24,212,107

Fair Value Hierarchy
As of June 30, 2015 and December 31, 2014, the Group has no AFS financial assets or any financial assets carried in the books at fair value. There were no transfers between Level 1 and Level 2 financial instruments, and no transfers into or out of Level 3 fair value instrument.

18. Segment Information

For management reporting purposes, the Group's businesses are classified into the following business segments: (1) investment holding and (2) service. Details of the Group's business segments are as follows:

	June 30, 2015				
	Investment Holding	**Service**	**Combined**	**Eliminations**	**Consolidated**
Revenue	**₱5,580**	**₱134,049,712**	**₱134,055,292**	**₱–**	**₱134,055,292**
Income (loss) before tax	**(1,073,942)**	**35,764,857**	**34,690,915**	**–**	**34,690,915**
Provision for income tax	**1,116**	**10,726,908**	**10,728,024**	**–**	**10,728,024**
Net income (loss)	**(1,075,058)**	**25,037,949**	**23,962,891**	**–**	**23,962,891**
Other Information					
Segment assets	**619,059,977**	**912,140,374**	**1,531,200,351**	**615,000,000**	**916,200,351**
Segment liabilities	**129,645,989**	**96,840,516**	**226,486,505**	**129,625,000**	**96,861,505**
Depreciation and amortization	**–**	**11,089,533**	**11,089,533**	**–**	**11,089,533**

	December 31, 2014				
	Investment Holding	Service	Combined	Eliminations	Consolidated
Revenue	₱130,966	₱282,469,418	₱282,600,384	₱–	₱282,600,384
Income (loss) before tax	(3,649,529)	97,993,286	94,343,757	–	94,343,757
Provision for income tax	11,674	33,104,312	33,115,986	–	33,115,986
Net income (loss)	(3,661,203)	64,888,974	61,227,771	–	61,227,771
Other Information					
Segment assets	620,268,524	883,281,298	1,503,549,822	615,000,000	888,549,822
Segment liabilities	129,840,820	92,958,047	222,798,867	129,625,000	93,173,867
Depreciation and amortization	–	20,716,831	20,716,831	–	20,716,831

Intersegment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. Segment revenue, segment expenses and segment results include transfers between business segments. Those transfers are eliminated in consolidation.

All of the Group's revenues are derived from operations within the Philippines, hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*.

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY
FINANCIAL SOUNDNESS INDICATORS

FSI	Calculation	30-Jun-15	31-Dec-14
Current Ratio	Current Assets/Current Liabilities	5.04x	4.78x
Quick Ratio	Current Assets-Inventory-Prepayments/Current Liabilities	4.85x	4.60x
Debt to Equity Ratio	Liabilities/ Stockholders' Equity	0.12x	0.12x
Asset to Equity Ratio	Assets/Stockholders' Equity	1.12x	1.12x
Interest Coverage Ratio	Earnings Before Interest & Taxes/Interest Expense	N/A	100.87
Gross Profit Margin	Gross Profit/Net Sales	0.28	0.34
Book Value per share	Total Assets –Total Liabilities/ Outstanding Shares	1.19	1.15
Net Income per Share	Net Income/Weighted Average Number of Shares Outstanding	0.03	0.09

	June 30, 2015	December 31, 2014
Current Ratio	486,420,719/96,445,029	443,171,284/92,757,391
Quick Ratio	468,239,543/96,445,029	426,242,346/92,757,391
Debt to Equity	96,861,505/819,338,846	93,173,867/795,375,955
Asset to Equity Ratio	916,200,351/819,338,846	888,549,822/795,375,955
Interest Coverage Ratio	-	95,288,413/944,656
Gross Profit Margin	37,827,694/134,032,891	95,204,227/281,294,217
Book Value/Share	819,338,846/690,000,000	795,375,955/690,000,000
Net Income per Share	23,962,891/690,000,000	61,227,771/690,000,000

MINERALES INDUSTRIAS CORPORATION AND SUBSIDIARY
AGING OF RECEIVABLES
as of June 30, 2015

Nature/Description	Current	1 to 30 days	31 to 60 days	61 to 90 days	> 90 days	Total
Trade Receivables						
Income from Tipping Fee	513,174	498,361	94,045	673,123	18,098,667	19,877,371
Hauling Income	482,097	-	534,663	372,176	2,309,475	3,698,411
Composting / Waste Process	500,000	500,000	1,000,000	1,500,000	2,000,000	5,500,000
Consultancy / Field Services	22,736,606	19,590,899	52,733,066	9,334,388	336,075,545	440,470,504
Loans Receivables	-	-	-	-	31,000,000	31,000,000
Total	24,231,877	20,589,260	54,361,774	11,879,687	389,483,687	500,546,285