



108122011000697

**SECURITIES AND EXCHANGE COMMISSION**

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Company Information

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Company Name ABACUS CONSOLIDATED RESOURCES & HOLDING INC.

Industry Classification

Company Type Stock Corporation

Document Information

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(Company's Full Name)

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

ATTY. JOAQUIN E. SAN DIEGO

Contact Person

725-7875; 724-5055

Company Telephone Number

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Annual Meeting

(PC) LISTED SECURITIES

Secondary License Type, If Applicable

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Amended Articles Number/Section

	Total Amount of Borrowings	
	Domestic	Foreign

Total No. of Stockholders

To be accomplished by SEC Personnel concerned

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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, 2011**

2. SEC Identification No.: **98780**

3. BIR Tax Identification No.: **002-727-393**

4. Exact name of issuer as specified in its charter:

Abacus Consolidated Resources and Holdings, Inc.

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

6. Industry Classification Code: _____ (SEC Use Only)

7. Address of principal office: **28 N. Domingo St.
New Manila, Quezon City**

Postal Code: **1112**

8. Issuer's telephone number, including area code:

(02) 724-5055/725-7875

9. Former name, former address, former fiscal year: **Not applicable**

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

Title of Each Class	Number of shares outstanding
Common	2,653,945,029

Amount of Debt Outstanding as of June 30, 2011: **₱59,389,361**

11. Are any or all of these securities listed on a Stock Exchange? Yes [☒] No [☐]

All Common shares of the corporation are listed in the Philippine Stock Exchange.

12. Indicate by check mark whether the issuer:

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

Yes [☒] No [☐]

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

Yes [☒] No [☐]

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The following are attached hereto as part of this report:

Consolidated Balance Sheets as of June 30, 2011 (unaudited) and December 31, 2010 (audited)

Consolidated Statements of Income for the Quarters Ended June 30, 2011 and June 30, 2010 (unaudited)

Consolidated Statements of Changes in Stockholders' Equity for the Quarters Ended June 30, 2011 and June 30, 2010 (unaudited)

Consolidated Statements of Cash Flows for the Quarters Ended June 30, 2011 and June 30, 2010 (unaudited)

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

The company posted a gross income of ₱50.3 million, a 70% increase from the 1H-2010 figure of ₱29.6 million. The most significant factor in the increase in gross income was the increase in the share in net earnings in POSC from P16.3 million to P40.5 million or a 148% increase, and the increase in other income (186%) due to improvement in rental collection.

Total operational expenses decreased 30% from P19,230,786 to P13,515,729. Significant decreases were posted in employee benefits (84%), professional and other services (9%), office supplies and publications (15%), utilities (48%), and communication (8%) due to cost-cutting measures. There was also significant decrease in taxes and licenses (80%) because the 2010 figure represents accumulated real estate tax paid. Salaries and wages increased 15% due to minimal salary adjustments for staff employees. Management and directors' fees increased 26% due to the payment of directors' per diems for the March 3, 2011 and May 26, 2011 Board meetings. Repairs and maintenance and transportation increased 143% and 38%, respectively, due to the repair and fuel consumption of service vehicles used in Montemaria projects. Dues increased almost 4x due to the payment of SEC fees on the confirmation of valuation of 654M new shares. Miscellaneous expense increased 19% due to the donations made to a nonprofit school project. Interest expense decreased 38% due to the partial payment of principal loan made. Bank charges increased 15% due to the new loan obtained by PRIDE and ACRHI. Depreciation increased 33% due to recording of depreciation on construction equipment acquired by Omnicor Industrial Estate Realty Center, Inc., a real estate subsidiary, for the Montemaria projects in Batangas City.

Net income was ₱36,837,725 for 1H-2011 which is almost triple the comparable figure for 1H-2010 of ₱10,380,481 which translates to basic EPS of ₱0.0187 for 1H-2011 versus ₱0.0063 for 1H-2010. Par value is ₱1.00 per share.

Insofar as the assets accounts are concerned, the significant changes are as follows:

- a) Cash and cash equivalents decreased 36% due to additional advances to affiliates for payment of principal and interest on PRIDE STAR loan and real estate projects.
- b) Trade and other receivables increased 29% due to unliquidated of advances for Batangas project expenses.
- c) Advances to related parties increased 12% mainly because of advances to Abacus Global Technovisions, Inc. (AbaGT) for real estate projects and to Blue Stock Developments Holdings, Inc. for payment of principal and interest on PRIDE STAR loan and settlement of obligation to other related parties.
- d) Investment in associates increased 9% due to recording of share in net earnings in POSC.
- e) Construction in progress increased 10% due to further development of the properties in Matuco and Pagkilatan, Batangas City.
- f) Other assets increased 12% due to accumulation of expanded value added tax and creditable tax withheld.

Insofar as liabilities accounts are concerned, the significant changes are as follows:

- a) Income tax payable decreased due to the payment of annual income tax return for the year 2010.
- b) Loans payable increased 33% due to the new loan obtained by PRIDE and ABACUS from Real Bank and Banco De Oro Unibank, Inc. respectively for partial payment of principal and interest of an affiliate's loan and to provide funding for projects.

The company's direct subsidiaries as of end June 2011 are as follows:

Name of Subsidiary	Percentage held by ABACUS	Line of business
Philippine Regional Investment Development Corporation (PRIDE)	97.48%	financial services
Abacus Goldmines Exploration and Development Corporation	100%	gold mining
Abacus Coal Exploration and Development Corporation	100%	coal mining
Pacific Online Systems Corporation	17.88%	leasing of gaming equipment

Key Performance Indicators of parent company and major subsidiaries

	ABA ¹	PRIDE ^{1a}	ABA ¹	PRIDE ^{1a}
	YTD June 30, 2011		YTD June 30, 2010	
Gross income	50,353,454	(6,362,923)	29,611,267	(47,282,041)
Net income	36,837,725	(14,920,612)	10,380,481	(57,313,759)
Return on assets ²	0.887%	(0.66%)	0.295%	(2.99%)
	As of June 30, 2011		As of Dec. 31, 2010	
Current ratio ³	2.6	4.1	2.4	5.4
Tangible net worth ⁴	3,085,146,713	1,594,986,735	3,032,000,752	1,684,641,103

¹parent and subsidiaries, including PRIDE

^{1a}including subsidiaries

²net income/average total assets

³current assets/current liabilities

⁴net worth minus intangible assets

The group consolidated current ratio increased slightly from 2.4 to 2.6 due to increased in advances to related parties for real estate projects and for payment of principal and interest on PRIDE STAR loan and settlement of obligation to other related parties.

PRIDE group registered a loss of ₱14.9 million mainly due to decrease in the price in the market of 179 million ABA shares from ₱0.97 as of yearend 2010 to ₱0.88 as of end-June 2011.

Abacus Goldmines Exploration and Development Corporation is not included in the above analysis since it is still in pre-operating stage. Abacus Global Technovisions, Inc. (AbaGT) is no longer included in the consolidation because the holdings of Abacus Consolidated Resources and Holdings, Inc. (ACRHI) in AbaGT were reduced to 9.64% due to the distribution of AbaGT shares as property dividend to ACRHI's stockholders.

Other financial information

1. The company does not have and does not foresee any cash flow or liquidity problems within the next twelve (12) months. The company is not in default or breach of any note, loan, lease, or other indebtedness or financing arrangement requiring it to make payments and does not have any unpaid trade payables.
2. The company is not in default of any obligation or condition thereof. The company is not aware of any event that will trigger material financial obligations on its part.
3. The company has not made any material off-balance sheet transactions, arrangements and/or obligations. Neither did the company create any other relationships with unconsolidated entities or other persons during the reporting period.

4. The company has not made any material commitments for capital expenditures.
5. The company is not aware of any trends, events or uncertainties that have had or are reasonably expected to have a material favorable or unfavorable impact on revenues or income from operations.
6. Apart from what is mentioned above, there were no other significant elements of income or loss during the reporting period that did not arise from the company's operations.
7. The revenues of PRIDE are derived from commissions and other fees for financial services. These transactions take place a few times each year, and there are some periods where no transactions are consummated, with the corresponding impact on the financial condition and results of operations of ABACUS. Apart from this, there are no other seasonal or cyclical aspects or factors that may affect the financial condition or results of operations of ABACUS.
8. Apart from the above factors, the company is not aware of any other material events and uncertainties that would make the financial information herein reported not to be necessarily indicative of future operating results or future financial condition.

PART II - OTHER INFORMATION

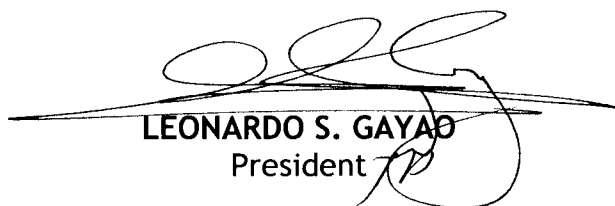
1. On April 14, 2011 the company filed with the Philippine Stock Exchange its application for listing of P654 million worth of new shares issued in December 2009 via a the share-for-share swap to acquire two groups of corporations owning properties in Batangas. The company is in the process of completing the other requirements for eventual approval of the listing application.
2. Disclosures not made under SEC Form 17-C: None.

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.

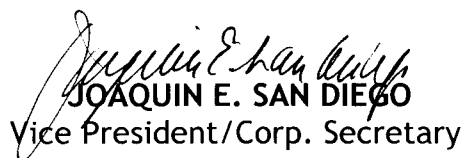
ABACUS CONSOLIDATED RESOURCES & HOLDINGS, INC.

By:



LEONARDO S. GAYAO
President

Date: 12 August 2011



JOAQUIN E. SAN DIEGO
Vice President/Corp. Secretary

Date: 12 August 2011



JOSE L. CARLOS, JR.
Treasurer/Principal Financial Officer

Date: 12 August 2011

ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC.
and SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	UNAUDITED JUNE 30 2011	AUDITED DECEMBER 31 2010
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	P12,557,649	P19,569,342
Trade and other receivables	1,533,451	1,184,416
Advances to related parties	144,765,225	129,597,624
Investment in associates	689,378,727	630,828,714
Goodwill	348,831,159	348,831,159
Investment properties	2,642,778,381	2,642,778,381
Property and equipment, net	17,383,217	18,257,472
Construction-in-progress	28,604,371	25,967,279
Deferred exploration costs	301,566,020	301,566,020
Other assets	1,601,139	1,428,270
TOTAL ASSETS	P4,188,999,339	P4,120,008,677
<u>LIABILITIES AND EQUITY</u>		
Liabilities		
Accounts payable and accrued expenses	P22,456,348	P23,069,458
Advances from heads of agreement	30,000,000	30,000,000
Advances from joint venture	9,500,000	9,500,000
Income tax payable	-	6,085
Loans payable	59,389,361	44,685,720
Deferred tax liability	633,505,046	631,744,791
Rental deposit payable	170,712	170,712
Total Liabilities	755,021,467	739,176,766
Equity		
Share capital	2,655,095,834	2,655,095,834
Subscription receivable	(296,082,544)	(296,082,544)
Shares held by subsidiaries	(166,192,831)	(160,851,242)
	2,192,820,460	2,198,162,048
Retained earnings	1,121,248,827	1,057,877,071
	3,314,069,287	3,256,039,119
Treasury shares	(1,150,790)	(1,150,790)
Minority Interest	121,059,374	125,943,581
Total Equity	3,433,977,872	3,380,831,911
	P4,188,999,339	P4,120,008,677

ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC.
and SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDING JUNE 30, 2011 AND JUNE 30, 2010

	UNAUDITED			
	JAN. - JUNE 30 2011	JAN. - JUNE 30 2010	APRIL - JUNE 30 2011	APRIL - JUNE 30 2010
Income				
Share in net earnings of associate	P40,487,756	P16,348,269	P16,865,828	1,053,650
Dividend income	8,892,131	8,910,131	8,892,131	8,910,131
Interest income	21,968	20,068	11,038	12,528
Gain on sale of POSC shares	-	4,018,921	-	3,000,151
	49,401,854	29,297,388	25,768,997	12,976,459
Expenses				
Salaries and wages	1,535,674	1,336,786	767,837	673,948
Employee benefits	393,226	2,464,778	151,733	2,347,045
Taxes and licenses	986,619	4,849,929	198,035	307,815
Professional and other services	1,604,143	1,755,048	811,855	955,794
Management and directors' fees	1,264,052	1,005,882	681,699	705,882
Utilities	174,911	333,634	104,413	145,658
Office supplies and publications	145,473	171,309	93,172	88,306
Depreciation	874,254	656,152	436,745	328,233
Representation	324,598	327,731	219,187	161,781
Repairs and maintenance	185,694	76,265	87,290	39,956
Rent	64,539	64,539	64,539	64,539
Dues	1,633,178	326,277	26,276	21,828
Transportation	707,482	513,082	559,309	417,671
Communication	103,005	111,377	54,648	62,439
Miscellaneous	505,095	424,968	255,762	201,438
	10,501,944	14,417,756	4,512,499	6,522,336
Income (Loss) from Operations	38,899,911	14,879,631	21,256,498	6,454,123
Other Income (Loss)				
Unrealized foreign exchange gain (loss)	27,964	(9,311)	3,315	(65,738)
Mark-to-market loss	(27)	-	(27)	-
Other income	923,663	323,190	535,985	133,645
	951,599	313,879	539,273	67,906
Finance Costs				
Interest expense	2,989,653	4,793,821	1,567,786	2,567,481
Bank charges	22,132	19,209	12,759	18,709
	3,011,785	4,813,030	1,580,545	2,586,190
Income before Tax	36,839,725	10,380,481	20,215,226	3,935,840
Provision for (Benefit from) Income Tax				
Current	2,000.00	-	2,000.00	-
	2,000.00	-	2,000.00	-
Net Income	P36,837,725	P10,380,481	P20,213,226	P3,935,840
Attributable to:				
Equity holders of the Parent Company	40,753,676	12,076,877	22,393,216	3,699,108
Minority interest	(3,915,952)	(1,696,396)	(2,179,990)	236,731
	P36,837,725	P10,380,481	P20,213,226	P3,935,840
Basic Earnings per Share	P0.0187	P0.0063	P0.0103	P0.0019

ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC.
and its SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDING JUNE 30, 2011 AND JUNE 30, 2010

	UNAUDITED			
	JAN. - JUNE 30 2011	JAN. - JUNE 30 2010	APRIL - JUNE 30 2011	APRIL - JUNE 30 2010
Cash Flows from Operating Activities				
Net income (loss) before income tax	P36,839,725	P10,380,481	P20,215,226	P3,935,840
Adjustment for -				
Depreciation	874,254	656,152	436,745	328,233
Receivables written off				-
Gain on sale of POSC shares	-	(4,018,921)		(3,000,151)
Share in net earnings of an associate	(40,487,756)	(16,348,269)	(16,865,828)	(1,053,650)
Interest income	(21,968)	(20,068)	(11,038)	(12,528)
Dividend income	(8,892,131)	(8,910,131)	(8,892,131)	(8,910,131)
Finance cost	2,989,653	4,793,821	1,567,786	2,567,481
Unrealized foreign exchange gain (loss)	27,964	(9,311)	3,315	(65,738)
Operating income (loss) before working capital changes	(8,670,259)	(13,476,246)	(3,545,926)	(6,210,644)
Decrease (increase) in -				
Trade and other receivables	(349,035)	2,415,627	(225,317)	2,116,750
Advances to related parties	(14,850,067)	(12,510,275)	(10,356,663)	(14,943,661)
Other assets	(172,869)	(66,349)	(149,679)	(31,986)
Increase (decrease) in accounts payable				
Accounts payable and accrued expenses	(613,110)	(1,053,102)	(324,337)	19,978
Cash provided by (used in) operations	(24,655,340)	(24,690,347)	(14,601,922)	(19,049,563)
Interest received	21,968	20,068	11,038	12,528
Interest paid	(2,989,653)	(4,793,821)	(1,567,786)	(2,567,481)
Income tax paid	(6,085)	(14,174)	(6,085)	(14,174)
Net cash provided by (used in) operating activities	(27,629,111)	(29,478,274)	(16,164,755)	(21,618,690)
Cash Flows from Investing Activities				
Construction in progress	(2,637,092)	(412,935)	(2,228,922)	(218,711)
Proceeds from disposal POSC shares	-	12,507,818	-	9,332,997
Acquisition of property and equipment	-	(1,628,687)	-	(507,830)
Net cash used in investing activities	(2,637,092)	10,466,197	(2,228,922)	8,606,456
Cash Flows from Financing Activities				
Proceeds from loan	19,657,010	4,682,671	14,827,056	4,682,671
Receipt of dividend	8,892,131	8,910,131	8,892,131	8,910,131
Payment of loan	(5,266,667)	-	(2,633,333)	-
Net cash provided by financing activities	23,282,474	13,592,802	21,085,853	13,592,802
Effect of Changes in Foreign Exchange Rates	(27,964)	9,311	(3,315)	65,738
Net Increase (Decrease) in Cash and Cash Equivalents	(7,011,693)	(5,409,965)	2,688,862	646,306
Cash and Cash Equivalents, beginning	19,569,342	14,031,107	9,868,787	7,974,835
Cash and Cash Equivalents, ending	P12,557,649	P8,621,142	P12,557,649	P8,621,142

ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC.
and its **SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CHANGES
IN STOCKHOLDERS' EQUITY**

	UNAUDITED		AUDITED
	JUNE 30 2011	JUNE 30 2010	DECEMBER 31 2010
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY			
Share Capital - P0.01 par			
Authorized 300 billion shares			
Common Shares			
Beginning balance	2,655,095,834	2,655,095,834	2,655,095,834
Additional subscription	-	-	-
	2,655,095,834	2,655,095,834	2,655,095,834
Subscription receivable	(296,082,544)	(296,082,544)	(296,082,544)
Paid-up Capital	2,359,013,290	2,359,013,290	2,359,013,290
Shares Held by Subsidiaries	(166,192,831)	(110,736,125)	(160,851,242)
	2,192,820,460	2,248,277,165	2,198,162,048
Retained Earnings			
Balance at beginning of quarter as previously reported	1,105,717,873	498,983,197	751,459,338
Net Income (Loss)	40,753,676	12,076,877	263,608,505
Prior period adjustment	-	-	46,371,387
Effect of change in ownership structure	(25,222,722)	(49,846,160)	(3,562,159)
Balance at end of quarter	1,121,248,827	461,213,914	1,057,877,071
Treasury Stock - shares at cost	(1,150,790)	(1,150,790)	(1,150,790)
MINORITY INTEREST			
Balance at beginning of quarter	123,519,940	126,849,020	117,883,385
Net Income (Loss)	(3,915,952)	(1,696,396)	6,214,093
Effect of change in ownership structure	1,455,386	(6,826,887)	1,846,105
Balance at end of quarter	121,059,374	118,325,737	125,943,582
	3,433,977,872	2,826,666,026	3,380,831,911

Abacus Consolidated Resources & Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2011

1. Basis of Financial Statement Preparation

The accompanying unaudited consolidated financial statements have been prepared following the same accounting policies and methods as those followed in the preparation of the December 31, 2010 audited financial statements. These statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited consolidated financial statements do not include all of the information and disclosures required in the December 31, 2010 annual audited consolidated financial statements.

The preparation of the financial statements, in compliance with Philippine Financial Reporting Standards (PFRS), requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying unaudited condensed consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the unaudited condensed consolidated financial statements. Actual results could differ from such estimates.

The unaudited consolidated financial statements include the accounts of Abacus Consolidated Resources and Holdings, Inc. (herein referred to as "the Company") and its subsidiaries collectively referred to as "Group."

The unaudited consolidated financial statements are presented in Philippine pesos (Php).

2. Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements represent the consolidation of the financial statements of Abacus Consolidated Resources and Holdings, Inc. (ACRHI) and the following subsidiaries:

		Effective Percentage of Controlling Interest	
Name of Subsidiaries	Principal Activities	2011	2010
Subsidiaries of Abacus Consolidated Resources and Holdings, Inc.:			
PRIDE	Investment House	97.48	97.48
KPI	Real Estate	100.00	100.00
VRC	Real Estate	100.00	100.00
AbaCoal	Coal and Exploration	100.00	100.00
AbaGold	Gold and Exploration	100.00	100.00

Subsidiaries of PRIDE:

Tagapo Realty Company, Inc. (TRC)	Real estate	97.48	97.48
Omnikor Industrial Estate and Realty Center, Inc. (Omnikor)	Real estate	97.48	97.48
Countrywide Transcapital Development Holdings, Inc. (formerly Countrywide Transcapital Zone Holdings, Inc.)	Holdings	60.10	60.10
Philippine International Infrastructure Fund, Inc.	Investment company	100.00	100.00
Total Mall Philippines, Inc.	Wholesaler/retailer	97.48	97.48

Subsidiaries of TRC:

Ala-eh Knit, Inc.	Real estate	97.48	97.48
Assurance Realty Corporation	Real estate	97.48	97.48
Countrywide Leverage Holdings Corporation	Holdings	97.48	97.48
In-town Wholesale Marketing, Inc.	Wholesaler/retailer	97.48	97.48
System Organization, Inc.	Real estate	97.48	97.48

Subsidiaries of Omnikor:

Montemayor Aggregates and Mining Corporation (MAMCor)	Mining and Exploration	97.48	97.48
Adroit Realty Corporation	Real estate	97.48	97.48
Allegiance Realty Corporation	Real estate	97.48	97.48
Asean Publishers, Inc.	Publisher	97.48	97.48
Export Affiliates for Service and Trade, Inc.	Importer/exporter	97.48	97.48
Fair Field Realty Estate Company, Inc.	Real estate	97.48	97.48
Logic Realty Corporation	Real estate	97.48	97.48
Sanctuary Transcendental Havens, Inc.	Non-stock corporation	100.00	100.00
Three Fold Realty Corporation	Real estate	97.48	97.48
Aerosonic Land, Inc.	Real estate	100.00	100.00
International Pilgrimage Shrine @ Montemaria, Inc.	Non-stock corporation	100.00	100.00

Subsidiaries of MAMCor:

Asean Traders and Exporters, Inc.	Importer/exporter	97.48	97.48
Batangas Stock Development Farms, Inc. (BSDFI)	Real estate	97.48	97.48
Channel Minerals & Exploration & Development Corporation	Mining and Exploration	97.48	97.48

Subsidiaries of BSDFI:

Banalo Mining Corporation	Mining	100.00	100.00
Calatagan Aquafarms, Inc.	Aqua and fishery	100.00	100.00
Him Management and Associates, Inc.	Trading	100.00	100.00

Subsidiaries of KPI:

Aerotropic Land, Inc.	Real Estate	99.99	99.99
Barit Resort & International Tour Corporation	Real Estate	99.99	99.99
Batangas Beef Business, Inc.	Manufacturing	99.99	99.99
Batangas Cement Park, Inc.	Warehousing of Cement, Aggregates, Limestones or their Derivatives	99.99	99.99
Candor Realty Corporation (CRC)	Real Estate	99.99	99.99
Epulare Properties, Inc.	Real Estate	99.99	99.99
Focus Real Estate Corporation	Real Estate	99.99	99.99
GMTM Management Company, Inc.	Management Company	99.99	99.99

Hedge Tropical Farmlands, Inc.	Real Estate	99.99	99.99
Hewdon Land, Inc.	Real Estate	99.99	99.99
Hillside Orchards & Parks, Inc.	Agriculture	99.99	99.99
JAP Aggregates Network, Inc.	Cement Production	99.99	99.99
Pasture View Real Properties, Inc.	Real Estate	99.99	99.99
Quilib Cattle Corporation	Real Estate	99.99	99.99
Quilib Pasture Estates, Inc.	Real Estate	99.99	99.99
Quilib Quality Farms, Inc. (QQFI)	Agriculture	99.99	99.99
San Isidro Catholic Memorial Park and Development Corporation	Real Estate	99.99	99.99
Vinterra Realty Corporation	Real Estate	99.99	99.99

Subsidiaries of VRC:

Omnilines Maritime Network, Inc.	Maritime Commerce	99.99	99.99
Hedge Inter Market Technologist, Inc.	Games Technology	99.99	99.99
D r M Development Corp.	Trading	99.99	99.99
Friendship Management Corporation	Management of Real Property	99.99	99.99
Haves Insurance Management and Liability Agency, Inc. (Haves)	Insurance Agent	99.99	99.99
All Lemery Assets Enterprises Holdings, Inc.	Real Estate	99.99	99.99
Far Pacific Manufacturing Corp.	Manufacturing	99.99	99.99
Munera Real Estate Company, Inc.	Real Estate	99.99	99.99
Certain Corporation	Construction	99.99	99.99
Manivest Development Corp.	Real Estate	99.99	99.99

Financial Instruments

Initial Recognition

Financial assets and financial liabilities are recognized in the balance sheets when the Group becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done at trade date, which is the date on which the Group commits to purchase or sell the asset.

Financial instruments are recognized initially at fair value plus transaction costs except for those designated at fair value through profit or loss (FVPL).

Classification of Financial Instruments

The Group classifies its financial assets in the following categories: held-to-maturity (HTM) investments, available-for-sale (AFS) investments, financial assets at FVPL, and loans and receivables. Financial liabilities are classified as financial liabilities at FVPL and other liabilities. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market. Management determines the classification of its financial assets and liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As of June 30, 2011 the Group's financial assets consisted only of loans and receivables which are further classified as trade and other receivables, advances to related parties and loans receivable. These are carried at cost or amortized cost, less impairment in value. Amortization is determined using the effective interest rate method. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through amortization process. Unearned discount is recognized as income over the life of the loan using the effective interest method.

The Group does not have FVPL financial liabilities or financial liabilities held for trading. Its only liabilities are those arising from operations or borrowings, and these are further classified as accounts payable and accrued expenses, deposit liabilities, advances from related parties, loans and bills payable, rental deposit payable and income tax payable. These financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

Determination of Fair Value

The fair value of financial instruments traded in active markets is based on their quoted market price or dealer price quotation (bid price for long positions and ask price for short positions). When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

If the financial instruments are not listed in an active market, the fair value is determined using appropriate valuation techniques, which include recent arm's length market transactions, net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

Financial Assets

- *Cash and Cash Equivalents*

Cash includes cash in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and are subject to an insignificant risk of change in value.

- *Financial Assets at FVPL*

Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition as at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has no financial asset under this category.

- *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are carried at cost or amortized cost, less impairment in value. Amortization is determined using the effective interest rate method. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through amortization process. Unearned discount is recognized as income over the life of the loan using the effective interest method.

The Group's trade and other receivables, advances to related parties and loans receivables are included in this category.

- *AFS Investments*

AFS investments are non-derivative financial assets that are either designated in this category or are not classified in any of the other categories. AFS investments are carried at fair value in the consolidated balance sheet. Changes in the fair value of such assets are reported in the equity section of the consolidated balance sheet until the investment is derecognized or the investment is determined to be impaired.

On derecognition or impairment, the cumulative gain or loss previously reported in equity is transferred to the consolidated statement of operations. Interest earned in holding AFS investments are recognized in the consolidated statement of operations using the effective interest rate method.

The Group has no financial asset under this category.

Financial Liabilities

- *Financial Liability at FVPL*

Financial liabilities are classified in this category if these result from trading activities or derivative transactions that are not accounted for as accounting hedges, or when the Group elects to designate a financial liability under this category.

The Group has no financial liability under this category.

- *Other Financial Liabilities*

This classification pertains to financial liabilities that are not held for trading or not designated as FVPL upon the inception of the liability. Included in this category are liabilities arising from operations or borrowings.

The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

The Group's accounts payable and accrued expenses, deposit liabilities, advances from related parties, loans and bills payable and rental deposit payable are classified under this category.

Derecognition of Financial Instruments

A financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets is derecognized when: a) the rights to receive cash flows from the asset have expired; b) the Group retains the right to receive cash flows from the asset, but has assumed an 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 rights to receive cash flows from the asset and has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset 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.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of operations.

Impairment of Financial Assets

- *Assessment of Impairment*

The Group assesses at each financial reporting date whether a financial asset or group of financial assets is impaired. It 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 it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. 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 of impairment.

The determination of impairment losses for financial assets is inherently subjective because it requires material estimates, including the amount and timing of expected recoverable future cash flows. These estimates may change significantly from time to time, depending on available information.

- *Evidence of Impairment*

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

- *Impairment on Assets Carried at Amortized Cost*

If there is objective evidence that an impairment loss has been incurred on an asset carried at amortized cost such as loans and receivables carried at amortized cost, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of loss shall be recognized in the consolidated statement of operations.

- *Impairment on Assets Carried at Cost*

If there is objective evidence that an impairment loss has been incurred on an asset carried at cost such as an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or of a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, 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 discounted at the current market rate of return for a similar financial asset.

Reversal of Impairment Loss

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

Classification of Financial Instruments Between Debt and Equity

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest relating to a financial instrument or a component that is a financial liability is reported as an expense.

A financial instrument is classified as debt if it provides for a contractual obligation to: (a) deliver cash or another financial assets to another entity; or (b) exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or (c) satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated balance sheet.

Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method/first-in first-out method. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Investments in Associates

An associate is an entity over which the Parent Company has significant influence but has no control and which is neither a subsidiary nor a joint venture.

Investment in an associate is accounted for by the equity method of accounting. Under this method, the investment is initially recognized at cost and adjusted thereafter by post-acquisition changes in the Group's share in the net assets of the associate and any impairment losses. The Group's share of its associate's post-acquisition profits or losses is recognized in the consolidated statements of operations. Share in post-acquisition change in the associate's net asset not recognized in the associate's statement of operations is directly recognized in the Parent Company's equity. Dividends received from the associates are deducted from the carrying amount of the investment.

The Group discontinues applying the equity method when their investments in associates are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations to the associate. When the associate subsequently reports net income, the Group will resume applying the equity method but only after its share of that net

income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting date of the associate and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Joint Venture Transactions

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity, which is subject to joint control, and none of the participating parties has unilateral control over the economic activity.

Assets that the Group controls and liabilities that it incurs in relation to jointly controlled operations are recognized in the Group's consolidated statements of financial position on an accrual basis and classified according to the nature of the item. The Group's share of income that it earns from jointly controlled operations, together with the expenses that it incurs, are included in the Group's consolidated statements of comprehensive income when it is probable that economic benefits associated with the transaction will flow to/from the Group.

Business Combination and Goodwill

Business acquisitions are accounted for using the purchase method of accounting. The cost of acquisition is measured as the fair value of the asset given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any minority interest.

Goodwill acquired in business combination is initially measured at cost as the excess of cost of a business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Negative goodwill, which is the excess of the Group's interest in the net fair value of acquired identifiable assets, liabilities and contingent liabilities over cost, is charged directly to income.

Transfers of assets between commonly controlled entities are accounted for under historical cost accounting.

Non-current Assets Held for Sale

The Group classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This is evident once the asset is available for immediate sale in its present condition subject only to usual and customary terms and its sale is highly probable. High probability of a sale transaction to be consummated

involves management's commitment to a plan to sell the asset, an active program to locate a buyer, an active marketing program for a selling price that is reasonable to its current fair value, and the sale should be consummated within one year from the date of classification.

The Group's non-current assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell. The Group recognizes impairment loss for any initial or subsequent write-down of the asset to fair value less costs to sell and the Group recognizes a gain for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been recognized.

Investment Property

Initially, investment property is measured at cost including transaction costs. The cost of investment property comprises its purchase price and any directly attributable expenditure.

Subsequent expenditures are recognized as an asset when the expenditures improve the condition of the asset beyond its originally assessed standard of performance. All other subsequent expenditure is recognized as an expense when incurred.

Subsequent to initial recognition, investment property is stated at fair value, which reflects the market conditions at the financial reporting date. Any gain or loss resulting from either change in the fair value is immediately recognized in the consolidated statement of operations in the year in which it arises.

Investment property is derecognized when it has either been disposed or when they are permanently withdrawn from use and no future benefit is expected from their disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statements of operations in the year of retirement or disposal.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The initial cost of property and equipment is comprised of the purchase price and costs directly attributable to bringing the assets to their intended use.

Subsequent expenditures incurred after the assets have been put into operation are capitalized as additional cost of the assets when the resulting future economic benefit exceeds the originally assessed standard of performance of the asset. All other subsequent expenditures incurred such as repairs and maintenance are recognized in the consolidated statement of operations in the period the costs are incurred.

When assets are sold or retired, their cost, accumulated depreciation and amortization and accumulated impairment losses are eliminated from the accounts and any resulting gain or loss is included in the consolidated statement of operations of such period.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the terms of the lease or estimated useful lives of improvements. The estimated useful lives of the assets and the improvements are as follows:

Building and improvements	- 5 years
Machinery and other equipments	- 3 to 5 years

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

If at revalued amount. Following initial recognition at cost, land and buildings and improvements are carried at revalued amounts which are the fair values at the date of the revaluation, as determined by independent appraisers, less any subsequent accumulated depreciation (on buildings and improvements) and accumulated impairment losses. Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Any revaluation surplus is credited to the Revaluation Surplus account included in the Equity section of the consolidated statements of financial position. Any revaluation deficit directly offsetting a previous surplus in the same asset is directly offset against Revaluation Surplus. Annually, an amount from the Revaluation Surplus is transferred to Retained Earnings for the depreciation relating to the Revaluation Surplus. Additionally, accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Revaluations are performed every three years ensuring that the carrying amount does not differ materially from that which would be determined using fair value at the financial reporting date.

Construction-in-Progress

Construction-in-progress (CIP) is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. CIP is not depreciated until such time as the relevant assets are completed and put into operational use. Assets under construction are transferred to the investment property account or reclassified to a specific category of property and equipment when the construction and other related activities necessary to prepare the properties for their intended use are completed and the properties are available for service.

Deferred Exploration Costs

Deferred exploration costs are stated at cost less impairment losses, and include deferred exploration costs and other expenses incurred prior to the start of commercial operations, net of incidental income.

Deferred exploration costs are accumulated separately for each area of interest. These include acquisition costs, direct exploration and development costs and an appropriate portion of related overhead expenditures, and exclude general overhead or administrative expenditures not specifically identified with exploration activities.

Deferred exploration costs are carried in the books only if the costs related to an area of interest for which the rights of tenure are current and such are expected to be recouped through successful development and exploration or from sale of the area or exploration and evaluation activities in the area as of financial reporting date have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing. Exploration costs, which do not satisfy the above criteria, are recognized in the consolidated statements of comprehensive income.

Revenues earned in connection with the exploration activities in an area of interest prior to the start of commercial operations are offset against the expenditures of such area of interest.

The carrying value of each producing area of interest is reviewed regularly and, to the extent to which this amount exceeds its recoverable amount (based on the higher of the net present value of estimated future net cash flows and current realizable value), an allowance for impairment will be provided in the year in which it is determined.

When further development expenditures are incurred on producing area of interest, such expenditures are capitalized as part of the costs of such area of interest only when substantial economic benefits are thereby established; otherwise, such expenditures are charged to cost of production.

Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment or an impairment loss previously recognized no longer exists or may have decreased. If any such indication exists, the Group makes a formal estimate of the asset's recoverable amount.

The recoverable amount is the higher of an asset's or its cash generating unit's fair value less costs to sell and its value in use. The fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction. 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 assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Provisions and Contingencies

Provisions are recognized when there is a present legal or constructive obligation 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.

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

Equity

Share capital is determined using the nominal value of shares that have been issued.

Retained earnings include all current and prior period results as disclosed in the consolidated statements of operations.

Shares held by subsidiaries are recognized at cost. These shares of the Parent Company are owned by the subsidiaries.

Treasury shares are recognized at cost.

Revenue Recognition

Revenue is recognized when the significant risks and rewards of ownership of goods has been transferred to the buyer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Group, and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is recognized as the interest accrues on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

The proportionate share in net earnings and losses of the associates is recognized as soon as the basis for the share, which is the audited financial statements of the associates for the current year, becomes available.

Dividend income from investment is recognized when the shareholder's right to receive payment has been established.

Interest Expense on Deposit Liabilities and Borrowings

Interest expense on deposit liabilities and borrowings is recognized in the consolidated statements of operations when incurred. It is calculated using the effective interest rate (EIR) method and is credited to the depositors' account regularly.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease receipts are recognized as income in the consolidated statements of operations on straight-line basis over the lease term.

Leases where substantially all the risks and benefits of ownership of the asset do not pass on to the lessee are classified as operating leases. Operating lease payments are recognized as expense in the consolidated statements of operations on straight-line basis over the lease term.

Foreign Exchange Transactions

Transactions in foreign currencies are recorded in Philippine peso based on the exchange rates prevailing at the date on which the transaction took place. Foreign currency denominated assets and liabilities of the Group are translated using the prevailing exchange rate as of financial reporting date. Gains or losses arising from these transactions and translation are credited or charged to income for the year.

Income Tax

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

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

Deferred income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits and NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse.

Earnings Per Share (EPS)

Basic EPS is calculated by dividing the net income or loss for the period by the weighted average number of shares outstanding during the period, net of shares held by the subsidiaries, after giving retroactive effect to any stock dividend declared during the year.

Segment Reporting

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.

Related Parties

Parties are considered 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.

Individuals, associates or companies that directly or indirectly control or are controlled by or under common control are considered related parties.

3. Cash and Cash Equivalents

	June 2011	Dec. 2010
	<hr/>	<hr/>
Cash on hand	P29,500	P29,500
Cash in bank		
Peso deposits	12,378,713	19,388,823
Foreign-currency denominated deposits		
-in foreign currency	US\$3,449	US\$3,445
-equivalent in Philippine peso	P149,436	P151,019
Total cash in bank	P12,528,149	P19,539,842
Total cash and cash equivalents	P12,557,649	P19,569,342

The US dollar-denominated cash in bank was translated at P43.33 and P43.84 to \$1 at June 30, 2011 and December 31, 2010, respectively.

Cash in banks earns interest based on the banks' daily average deposit rates. Cash in banks includes short-term placements.

4. Trade and Other Receivables

	<u>June 2011</u>	<u>Dec. 2010</u>
Trade	P560,487	P 577,605
Advances to officers and employees	319,906	233,229
Others	653,058	373,605
	<u>P1,533,451</u>	<u>P1,184,416</u>

5. Investments in Associates

These pertain to the investments in Pacific Online Systems Corporation (POSC), Abacus Global Technovisions, Inc. (AbaGT) and Pride Star Development Bank, Inc. (PSDBI – formerly Rural Bank of Batangas, Inc.), which are accounted for using the equity method. The details of the Group's ownership in these entities are as follows:

		<u>Percentage of Ownership</u>			
		<u>June 2011</u>		<u>Dec. 2010</u>	
<u>Principal Activities</u>		<u>Direct</u>	<u>Indirect</u>	<u>Direct</u>	<u>Indirect</u>
POSC	Gaming	-	*17.88%	-	18.83%
AbaGT	Holding	9.64%	3.59%	9.64%	3.59%
PSDBI	Banking	-	40.00%	-	40.00%

*The decreased in percentage of ownership in POSC was due to increased in Outstanding Shares of POSC

Account balance:

	<u>June 2011</u>	<u>Dec. 2010</u>
POSC, listed in the PSE	P623,777,415	P566,849,232
AbaGT, not listed	42,554,377	42,190,232
PSBI, not listed	23,046,935	21,789,250
	<u>P689,378,727</u>	<u>P630,828,714</u>

6. Related Party Transactions

Advances to related parties

	<u>Nature of Relationship</u>	<u>June 2011</u>	<u>Dec. 2010</u>
BSDHI	Parent	P88,589,319	P73,459,176
AbaGT	Associate	38,054,718	37,677,260
Hedge Integrated Mgt	Common directorship	13,140,260	13,140,260
Geyser, Inc.	Common directorship	4,980,928	4,980,928
		<u>P144,765,225</u>	<u>P129,257,624</u>

7. Accounts Payable and Accrued Expenses

	<u>June 2011</u>	<u>Dec. 2010</u>
Trade	P12,118,292	P13,260,224
Accruals	7,391,830	7,779,378
Others	2,946,231	2,029,858
	<u>P22,456,353</u>	<u>P23,069,458</u>

8. Loans Payable

	<u>June 2011</u>	<u>Dec. 2010</u>
Omnikor loan	P41,866,667	P42,133,333
ACRHI loan	10,000,000	-
PRIDE loan	5,000,000	-
CTDHI loan	2,522,694	2,552,387
	<u>P59,389,361</u>	<u>P44,685,720</u>

9. Aging of Accounts Receivable as of June 30, 2011

	<u>TOTAL</u>	<u>1-3 Mos.</u>	<u>4-6 Mos.</u>	<u>7 Mos. to 1 Year</u>	<u>Past due accounts & items in Litigation</u>
Type of Accounts Receivable					
A) Related Party Transactions					
AbaGT	38,054,718	162,670		P37,892,048	
BSDF	88,589,319	10,367,677	17,850,533	60,371,109	
Hedge Integrated Mgt.	13,140,260			13,140,260	
Geyser, Inc.	4,980,928			4,980,928	
Net Related Party Transactions	P144,765,225	P10,530,347	P17,850,533	P116,384,345	
B) Trade and other Receivables					
Advances to officers & employees	319,906	48,302	35,236	P236,368	
Others	1,213,545	177,015	313,799	722,731	
Total	P1,533,451	P225,317	P349,035	P959,099	
Less: Allowance for Doubtful Accounts					
Net Non-trade receivables					
Net Receivables	<u>P146,298,676</u>				

Accounts Receivable Description

Type of Receivable	Nature /Description	Collection period
a) Related party transactions	This represents non-interest bearing cash advances made to affiliates for working capital requirements	3 to 5 years
b) Non-trade receivables	This represents interest bearing cash advances made to affiliates for working capital requirements and non-interest bearing advances made to employees.	1 year

10. Financial Risk Management

The Group is exposed to variety of financial risks, which result from its operating, financing and investing activities. The Group's principal financial instruments comprise of cash and cash equivalents, loans receivable, deposit liabilities, loans and bills payable and advances to and from related parties. The main purpose of these financial instruments is to earn income and raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and accounts payables and accrued expenses, which arise directly from operations.

The Group's financial risk management policies and guidelines cover credit risk, interest rate risk, liquidity risk and market risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's financial position and results of operations. The Group actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principles.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group is mainly exposed to credit risk through its trade and other receivables, loans receivable and advances to related parties. The Group, from time to time, grants advances to related parties. However, it monitors the balances of advances and collects them promptly.

The details of the Group's maximum exposure to credit risk as of June 30, 2011 and December 31, 2010 are as follows:

	<u>June 2011</u>	<u>Dec. 2010</u>
Trade and other receivables	P1,533,451	P1,184,416
Advances to related parties	144,765,225	129,257,624
	<u>P146,298,676</u>	<u>P130,442,040</u>

The details of the Group's aging analyses of financial assets as of June 30, 2011 and December 31, 2010 are as follows:

June 30, 2011	Total	Neither past due nor impaired	Past due but not impaired					< 3 years but not impaired	Impaired
			≤ 30 days	31 – 90 days	91 – 180 days	181 – 360 days	1 – 3 years		
Advances to related parties	P144,765,225	P144,765,225	P-	P-	P-	P-	P-	P-	P-
Trade and other receivables	1,533,451	1,233,451	-				300,000		
	P146,298,676	P145,998,676	P-	P-	P-	P-	P300,000	P-	P-

December 31, 2010	Total	Neither past due nor impaired	Past due but not impaired					< 3 years but not impaired	Impaired
			≤ 30 days	31 – 90 days	91 – 180 days	181 – 360 days	1 – 3 years		
Advances to related parties	P129,257,624	P129,257,624	P-	P-	P-	P-	P-	P-	P-
Trade and other receivables	1,184,416	233,229	-	-	577,605	373,582	-		
	P130,442,040	P129,490,853	P-	P-	P577,605	P373,582	P-	P-	P-

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to long-term debt obligations. So far, the Group's policy is to obtain fixed-rate bank obligations, with the corresponding fair value interest rate risk. The details of the Group's financial instruments that are exposed to interest rate risk are given in Note 8 and in the table below (under "liquidity risk").

Liquidity Risk

Liquidity risk refers to the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group is mainly exposed to liquidity risk through its maturing liabilities. The Group has a policy of regularly monitoring its cash position to ensure that maturing liabilities will be adequately met.

The details of the Group's maturity analyses as of June 30, 2011 and December 31, 2010 are as follows:

June 30, 2011	Total	Maturing in				
		on demand up to one month	1 to 3 months	3 months to one year	More than 1 year to 5 years	More than 5 Years
Accounts payable and accrued expenses	P22,456,348	P7,411,103	P-	P13,260,223	P1,785,022	P-
Deposit for the sale of investment in Abacoal	30,000,000			30,000,000		
Advances from joint venture	9,500,000				9,500,000	
Loans payable	59,389,361	-		15,000,000	44,389,361	
	P121,345,709	P7,411,103	P-	P58,260,223	P55,674,383	P-

December 31, 2010	Total	Maturing in				
		on demand up to one month	1 to 3 months	3 months to one year	More than 1 year to 5 years	More than 5 Years
Accounts payable and accrued expenses	P23,069,458	P7,779,378	P-	P13,505,060	P-	P-
Deposit for the sale of investment in Abacoal	30,000,000	-	-	30,000,000		-
Advances from joint venture	9,500,000				9,500,000	
Loans payable	44,685,720	-	-	-	44,685,720	-
	P107,255,178	P7,779,378	P-	P43,505,060	P54,185,720	P-

Capital Risk Management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios to support its business and maximize shareholder value.

The Parent Company's BOD and management have overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business operations and industry.

The Group monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses, loans payable, rental deposit payable, bills payable, income tax payable, advances from related parties and deferred tax liability. The Group reports its total equity as the capital it manages. This comprises all components of equity including share capital, retained earnings and minority interest. The Group's equity amounts to P3,433,977,872 and P3,380,831,911 as of June 30, 2011 and December 31, 2010, respectively.

There are no changes in the Group's approach to capital management during the year.

The Group is not subject to statutory capital requirement except for PRIDE and RBBI which are subject to minimum capital requirements. PRIDE is in compliance with the statutory minimum capital requirement of P300 million set by the Investment House Law. RBBI is in compliance with the minimum capital requirement of P8 million set by the BSP.

11. Financial Instruments

The table below presents a comparison by category of carrying amounts and estimated fair values of the Company's financial assets and liabilities as of June 30, 2011 and December 31, 2010:

	June 2011		Dec. 2010	
	Carrying value	Fair value	Carrying value	Fair value
Financial Assets				
Cash and cash equivalents	P12,557,649	P12,557,649	P19,569,342	P19,569,342
Trade and other receivables	1,533,451	1,533,451	1,184,416	1,184,416
Advances to related parties	144,765,225	144,765,225	129,597,624	129,597,624
	P158,856,325	P158,856,325	P150,351,382	P150,351,382
	June 2011		Dec. 2010	
	Carrying value	Fair value	Carrying value	Fair value
Financial Liabilities				
Accounts payable and accrued expenses	P22,456,348	P22,456,348	P23,069,458	P23,069,458
Advances from heads of agreement	30,000,000	30,000,000	30,000,000	30,000,000
Advances from joint venture	9,500,000	9,500,000	9,500,000	9,500,000
Loans payable	59,389,361	59,389,361	44,685,720	44,685,720
Rental deposit payable	170,712	170,712	170,712	170,712
	P121,516,421	P121,516,421	P107,425,890	P107,425,890

12. Segment Information

Business Segments

For management purposes, the Group is organized into four business segments – holding company, real estate business, financial services and hotel. These are also the basis of the Group in reporting its primary segment information.

The holding company segments primary engages in purchases, own, hold, transfer, or dispose or real properties of every kind and description, including shares of stocks and other securities, contracts or obligations of any corporation or association.

The real estate segment includes purchases of land for appreciation.

The financial services segment is involved in the accumulation of deposits and extension of rural credits to small farmers and tenants and to deserving rural industries or enterprises.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivable and property, plant and equipment, net of allowances and provisions. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and liabilities do not include deferred income taxes.

Inter-segment transactions

Segment revenues, expenses and performance include revenue and expenses between business segments. Such revenues and expenses are eliminated in consolidation.

The operating results and financial condition of the Group classified by segment are given in the enclosed table.

Business Segments

	Holding		Real Estate		Others		Eliminations		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenue										
External revenue	P40,608,159	P28,285,717	P82,218	P145,273	P8,711,477	P866,398	P-	P-	P49,401,854	P29,297,388
Total Sales	P40,608,159	P28,285,717	P82,218	P145,273	P8,711,477	P866,398	P-	P-	P49,401,854	P29,297,388
Results										
Segment results	P2,635,339	P4,172,006	(P5,509,772)	(P5,423,493)	(P773,599)	(P4,716,302)	P-	P-	(P3,648,031)	(P5,967,788)
Share in net earnings (loss) of associates	33,114,726	15,481,317	-	(13,463)	7,373,030	880,415	-	-	40,487,756	16,348,269
Provision for (benefit from) income tax	-	-	2,000	-	-	-	-	-	2,000	-
Net Income (Loss)	P35,750,065	P19,653,323	(P5,511,772)	(P5,436,955)	P6,599,431	(P3,835,887)	P-	P-	P36,837,725	P10,380,481
Other Information										
Segment assets	P445,675,856	P470,639,107	P1,400,609,479	P1,304,119,712	P1,519,226,262	P1,127,667,047	(P12,257,349)	(P112,568,879)	P3,353,254,248	P2,789,856,988
Advances to related parties	145,117,797	308,617,378	250,117,269	277,356,630	74,302,037	69,057,574	(324,771,879)	(512,411,426)	144,765,225	142,620,157
Investment in associates	2,774,097,920	2,320,897,771	321,699,247	174,463,800	508,012,106	406,229,128	(2,914,430,546)	(2,309,835,496)	689,378,727	591,755,203
Other Assets	30,442	30,442	1,240,925	1,005,867	329,772	324,416	-	-	1,601,139	1,360,725
Total Assets	P3,364,922,015	P3,100,184,698	P1,973,666,920	P1,756,946,010	P2,101,870,178	P1,603,278,166	(P3,251,459,774)	(P2,934,815,800)	P4,188,999,339	P3,525,593,073
Other Information										
Segment liabilities	P40,132,831	P40,132,831	P4,108,778	P4,076,557	P17,885,450	P15,998,717	P-	P-	P62,127,060	P60,208,105
Advances from related parties	6,982,405	6,965,107	177,793,107	370,132,305	146,317,966	135,314,014	(331,093,478)	(512,411,426)	-	-
Loans payable	12,522,694	22,699,685	41,866,667	47,400,000	5,000,000	5,000,000	-	-	59,389,361	75,099,685
Deferred tax liability	-	-	306,516,024	300,242,077	330,022,252	266,410,411	(3,033,231)	(3,033,231)	633,505,046	563,619,257
Total Liabilities	P59,637,931	P69,797,622	P530,284,576	P721,850,939	P499,225,668	P422,723,142	(P334,126,709)	(P515,444,656)	P755,021,467	P698,927,047
Depreciation	P33,187	P32,569	P779,028	P559,925	P62,039	P63,657	P-	P-	P874,254-	P656,152-

13. Other notes to 1Q Operations and Financials

a. Nature and amount of items affecting assets, liabilities, equity, or net income that are unusual because of their nature, size, or incidents

Please see nos. 3-9 and 11 above.

b. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period

None.

c. Issuances, repurchases, and repayments of debt and equity securities

Please see no. 8 above.

d. Dividends paid (aggregate or per share) separately for ordinary shares and other shares

None.

e. Segment revenue and segment results for business segments or geographical segments

Please see no. 12 above and the enclosed table.

f. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period

None.

g. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations

The registration of the transfer of the shares of Abacus Coal Exploration and Development Corporation to Lodestar Investment Holdings, Inc. is still pending completion.

h. Changes in contingent liabilities or contingent assets since the last annual balance sheet date

None.

g. Other material events or transactions during the interim period

None.