

# COVER SHEET

					9	8	7	8	0
--	--	--	--	--	---	---	---	---	---

**S.E.C. Registration Number**[illegible]

( Company's Full Name )

[illegible]

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

**ATTY. JOAQUIN E. SAN DIEGO**

### Contact Person

**725-7875; 724-5055**

Company Telephone Number

<b>1</b>	<b>2</b>
----------	----------

Month

3	1
---	---

Day

	1	7	-	Q	
--	---	---	---	---	--

FORM TYPE

0	7
---	---

Month

**2nd Thurs.**

Day

*Annual Meeting*

**(PC) LISTED SECURITIES**

Secondary License Type, If Applicable

C	F	D	
---	---	---	--

Dept. Requiring this Doc.

\_\_\_\_\_

Amended Articles Number/Section

\_\_\_\_\_

Total No. of Stockholders

### Total Amount of Borrowings

\_\_\_\_\_

Domestic

\_\_\_\_\_

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

---

LCU

LCU

[illegible]

Document I.D.

Cashier

Cashier

## STAMPS

Remarks = pls. use black ink for scanning purposes

# 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: **March 31, 2012**

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**

**2,654,945,029**

**Amount of Debt Outstanding as of March 31, 2012: ₱124,098,824**

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

Of the 2,654,945,029 common shares outstanding, 2,000,565,999 shares are listed in the Philippine Stock Exchange while 654,529,820 shares are subject to a pending listing application with the PSE.

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 March 31, 2012 (unaudited) and December 31, 2011 (audited)

Consolidated Statements of Income for the Quarters Ended March 31, 2012 and March 31, 2011 (unaudited)

Consolidated Statements of Changes in Stockholders' Equity for the Quarters Ended March 31, 2012 and March 31, 2011 (unaudited)

Consolidated Statements of Cash Flows for the Quarters Ended March 31, 2012 and March 31, 2011 (unaudited)

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

The company posted a gross income of ₱18.4 million, a 24% decrease from the Q1-2011 figure of ₱24.0 million. The most significant factor in the decrease in gross income was the decrease in share in net earnings from investment in POSC and Pride Star, a bank subsidiary, from P22.9 million to P17.2 million or a 25% decrease and from P691 thousand to P523 thousand or a 24% decrease, respectively.

Total operational expenses increased 8% from P7,420,685 to P8,038,465. Taxes and licenses increased 13% due to the updated payment of real property tax. Utilities increased 47% due to the increase in the power rate of electricity. Office supplies and publications increased 50% due to the purchase of supplies. Representation increased 88% due to the allowance of officers and staff, which is subject to liquidation. Transportation increased 111% due to the fuel consumption of service vehicles used in Montemaria projects. Dues decreased 82% because 2011 figure represents payment of SEC fees on the confirmation of valuation of 654M new shares. Interest expense increased 54% due to the new loan obtained by ABACUS from Philippine Business Bank for the company's operations and funds for upcoming investment requirements. Significant decreases were posted in employee benefits (13%), professional and other services (9%), repairs and maintenance (9%) and miscellaneous expense (21%) due to cost-cutting measures.

Net income was ₱10,321,429 for Q1-2012, 38% lower than the comparable figure for Q1-2011 of ₱16,624,499 which translates to basic EPS of ₱0.00774 for Q1-2012 versus ₱0.00843 for Q1-2011. 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 increased 4x due to the new loan obtained by ABACUS from Philippine Business Bank for company's operations and funds for upcoming investment requirements.
- b) Advances to related parties decreased 10% due to the partial payment of advances made by Blue Stock Developments Holdings, Inc.
- c) Construction in progress increased 14% due to further development of the properties in Matuco and Pagkilatan, Batangas City.
- d) Other assets increased 31% 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) Accounts payable and accrued expenses decreased 10% due to the partial payment of accrued professional fees for 2011 audit fees.
- b) Loans payable increased almost 7x due to the new loan obtained by ABACUS from Philippine Business Bank for company's operations and funds for upcoming investment requirements.
- c) Advances from related parties decreased 88% due to the partial payment made by ABACUS.

The company's direct subsidiaries as of end March 2012 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	98.80%	gold mining
Abacus Coal Exploration and Development Corporation	100%	coal mining
Pacific Online Systems Corporation	18.13%	leasing of gaming equipment

## Key Performance Indicators of parent company and major subsidiaries

	ABA <sup>1</sup>	PRIDE <sup>1a</sup>	ABA <sup>1</sup>	PRIDE <sup>1a</sup>
	YTD March 31, 2012		YTD March 31, 2011	
Gross income	18,359,894	(23,452,917)	24,045,184	(2,464,861)
Net income	10,321,429	(26,933,841)	16,624,499	(6,758,424)
Return on assets <sup>2</sup>	0.21%	(1.18%)	0.40%	(0.30%)
	As of March 31, 2012		As of Dec. 31, 2011	
Current ratio <sup>3</sup>	5.7	1.6	8.3	3.1
Tangible net worth <sup>4</sup>	3,650,484,443	1,652,560,960	3,653,635,124	1,712,345,819

<sup>1</sup>parent and subsidiaries, including PRIDE

<sup>1a</sup>including subsidiaries

<sup>2</sup>net income/average total assets

<sup>3</sup>current assets/current liabilities

<sup>4</sup>net worth minus intangible assets

The group consolidated current ratio decreased from 8.3 to 5.7 due to increase in the current portion of the loan obtained from the Philippine Business Bank for the company's operations and funds for upcoming investment requirements.

PRIDE group registered a loss of ₱26.9 million mainly due to decrease in the price in the market of 176 million ABA shares from ₱0.91 as of yearend 2011 to ₱0.76 as of end-March 2012.

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 it 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**

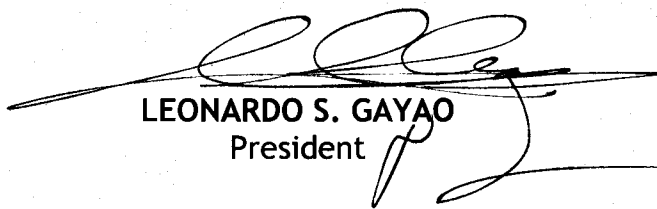
1. The company's application for listing of P654 million worth of new shares issued in December 2009 via a share-for-share swap is still pending with the PSE. The company is in the final stages in its efforts to complete the other requirements for said listing application.
2. Disclosures not made under 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.

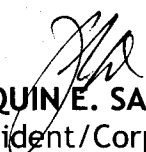
### ABACUS CONSOLIDATED RESOURCES & HOLDINGS, INC.

By:



LEONARDO S. GAYAO  
President

Date: 14 May 2012



JOAQUIN E. SAN DIEGO  
Vice President/Corp. Secretary

Date: 14 May 2012



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

Date: 14 May 2012



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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	UNAUDITED MARCH 31 2012	AUDITED DECEMBER 31 2011
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash and cash equivalents	P78,519,122	P15,474,524
Trade and other receivables	500,297,254	499,874,284
Advances to related parties	124,782,653	138,944,035
Other assets	2,071,756	1,583,070
Total current assets	705,670,785	655,875,913
<b>Non-current Assets</b>		
Investment in associates	688,805,246	687,367,178
Investment properties	2,751,607,011	2,751,607,011
Property and equipment, net	15,856,582	16,283,493
Construction-in-progress	40,068,895	35,135,433
Deferred exploration costs and mining rights	301,134,360	301,134,360
Other non-current assets	2,617,798	2,628,959
Goodwill	348,831,159	348,831,159
Total non-current assets	4,148,921,050	4,142,987,593
<b>TOTAL ASSETS</b>	<b>P4,854,591,835</b>	<b>P4,798,863,506</b>
<b><u>LIABILITIES AND EQUITY</u></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	P27,990,246	P30,932,459
Current portion of loans payable	56,098,824	7,352,387
Advances from related parties	140,000	1,179,500
Advances from heads of agreement	30,000,000	30,000,000
Advances from joint venture	9,500,000	9,500,000
Income tax payable	948	948
Total current liabilities	123,730,018	78,965,294
<b>Non-current Liabilities</b>		
Non-current portion of loans payable	68,000,000	53,885,714
Deferred tax liability	663,425,503	663,425,503
Rental deposit payable	120,712	120,712
Total non-current liabilities	731,546,215	717,431,929
<b>Total Liabilities</b>	<b>855,276,233</b>	<b>796,397,223</b>
<b>Equity</b>		
Share capital	2,655,095,834	2,655,095,834
Subscription receivable	(292,764,075)	(294,226,763)
Shares held by subsidiaries	(160,968,109)	(173,041,700)
	2,201,363,650	2,187,827,371
Retained earnings	1,680,551,783	1,690,369,967
	3,881,915,434	3,878,197,338
Treasury shares	(150,790)	(150,790)
Minority Interest	117,550,958	124,419,735
<b>Total Equity</b>	<b>3,999,315,602</b>	<b>4,002,466,283</b>
	<b>P4,854,591,835</b>	<b>P4,798,863,506</b>

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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Three Months Ended March 31</b>	
	<b>2012</b>	<b>2011</b>
<b>Income</b>		
Share in net earnings of associate	<b>P17,736,923</b>	<b>P23,621,928</b>
Interest income	<b>11,524</b>	<b>10,929</b>
Unrealized foreign exchange gain (loss)	<b>50,386</b>	<b>24,649</b>
	<b>17,798,833</b>	<b>23,657,507</b>
<b>Expenses</b>		
Salaries and wages	<b>791,524</b>	<b>767,837</b>
Employee benefits	<b>210,062</b>	<b>241,493</b>
Taxes and licenses	<b>889,118</b>	<b>788,584</b>
Professional and other services	<b>720,340</b>	<b>792,288</b>
Management and directors' fees	<b>588,235</b>	<b>582,353</b>
Utilities	<b>103,618</b>	<b>70,498</b>
Office supplies and publications	<b>78,401</b>	<b>52,300</b>
Depreciation	<b>426,911</b>	<b>437,510</b>
Representation	<b>198,522</b>	<b>105,411</b>
Repairs and maintenance	<b>90,010</b>	<b>98,404</b>
Dues	<b>286,415</b>	<b>1,606,903</b>
Transportation	<b>312,717</b>	<b>148,174</b>
Communication	<b>51,133</b>	<b>48,357</b>
Miscellaneous	<b>195,852</b>	<b>249,332</b>
	<b>4,942,860</b>	<b>5,989,445</b>
<b>Income (Loss) from Operations</b>	<b>12,855,974</b>	<b>17,668,062</b>
<b>Other Income (Loss)</b>		
Mark-to-market gain (loss)	<b>357,600</b>	<b>-</b>
Other income	<b>203,461</b>	<b>387,678</b>
	<b>561,061</b>	<b>387,678</b>
<b>Finance Costs</b>		
Interest expense	<b>3,094,211</b>	<b>1,421,868</b>
Bank charges	<b>1,395</b>	<b>9,373</b>
	<b>3,095,606</b>	<b>1,431,241</b>
<b>Income before Tax</b>	<b>10,321,429</b>	<b>16,624,499</b>
<b>Provision for (Benefit from) Income Tax</b>		
Current	<b>-</b>	<b>-</b>
Deferred	<b>-</b>	<b>-</b>
	<b>-</b>	<b>-</b>
<b>Net Income</b>	<b>P10,321,429</b>	<b>P16,624,499</b>
Attributable to:		
Equity holders of the Parent Company	<b>16,888,255</b>	<b>18,360,460</b>
Minority interest	<b>(6,566,826)</b>	<b>(1,735,962)</b>
	<b>P10,321,429</b>	<b>P16,624,499</b>
<b>Basic Earnings per Share</b>	<b>P0.00774</b>	<b>P0.00843</b>

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

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

	<b>Three Months Ended March 31</b>	
	<b>2012</b>	<b>2011</b>
<b>EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY</b>		
<b>Share Capital - P1.00 par</b>		
<b>Authorized 3 billion shares</b>		
<b>Common Shares</b>		
Beginning balance	2,655,095,834	2,655,095,834
Subscription receivable	(292,764,075)	(296,082,544)
<b>Paid-up Capital</b>	<b>2,362,331,759</b>	<b>2,359,013,290</b>
<b>Shares Held by Subsidiaries</b>	<b>(160,968,109)</b>	<b>(173,341,900)</b>
	<b>2,201,363,650</b>	<b>2,185,671,390</b>
<b>Retained Earnings</b>		
Balance at beginning of quarter as previously reported	1,690,369,967	1,057,877,071
Net Income (Loss)	16,888,255	18,360,460
Effect of change in ownership structure	(26,706,439)	29,480,341
Balance at end of quarter	<b>1,680,551,783</b>	<b>1,105,717,873</b>
<b>Treasury Stock - shares at cost</b>	<b>(150,790)</b>	<b>(150,790)</b>
<b>MINORITY INTEREST</b>		
Balance at beginning of quarter	124,419,735	125,943,582
Net Income (Loss)	(6,566,826)	(1,735,962)
Effect of change in ownership structure	(301,950)	(687,680)
Balance at end of quarter	<b>117,550,958</b>	<b>123,519,940</b>
	<b>3,999,315,602</b>	<b>3,414,758,413</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Three Months Ended March 31</b>	
	<b>2012</b>	<b>2011</b>
<b>Cash Flows from Operating Activities</b>		
Net income (loss) before income tax	<b>10,321,429</b>	<b>P16,624,499</b>
Adjustment for -		
Depreciation	426,911	437,510
Share in net earnings of an associate	(17,736,923)	(23,621,928)
Interest income	(11,524)	(10,929)
Finance cost	3,094,211	1,421,868
Unrealized foreign exchange gain (loss)	50,386	24,649
	<hr/>	<hr/>
Operating income (loss) before working capital changes	(3,855,510)	(5,124,332)
Decrease (increase) in -		
Trade and other receivables	(422,970)	(123,718)
Advances to related parties	14,872,185	(4,493,405)
Other assets	(477,525)	(23,190)
Increase (decrease) in accounts payable		
Accounts payable and accrued expenses	(2,942,213)	(288,773)
	<hr/>	<hr/>
Cash provided by (used in) operations	7,173,967	(10,053,419)
Interest received	11,524	10,929
Interest paid	(3,094,211)	(1,421,868)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	4,091,280	(11,464,357)
<b>Cash Flows from Investing Activities</b>		
Construction in progress	(4,933,462)	(408,170)
	<hr/>	<hr/>
Net cash used in investing activities	(4,933,461)	(408,170)
<b>Cash Flows from Financing Activities</b>		
Changes in advances from related parties	(1,039,500)	-
Proceeds from loan	97,609,216	4,829,954
Proceeds from subscription receivable	1,462,688	-
Payment of loan	(34,095,238)	(2,633,333)
	<hr/>	<hr/>
Net cash provided by financing activities	63,937,166	2,196,620
<b>Effect of Changes in Foreign Exchange Rates</b>	(50,386)	(24,649)
	<hr/>	<hr/>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	63,044,598	(9,700,556)
<b>Cash and Cash Equivalents, beginning</b>	15,474,524	19,569,342
<b>Cash and Cash Equivalents, ending</b>	P78,519,122	P9,868,786

**Abacus Consolidated Resources & Holdings, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**March 31, 2012**

**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, 2011 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, 2011 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:

Name of Subsidiaries	Principal Activities	Effective Percentage of Controlling Interest	
		2012	2011
<i>Subsidiaries of Abacus Consolidated Resources and Holdings, Inc.:</i>			
PRIDE	Investment House	97.48	97.48
KPI	Real Estate	100.00	100.00
VRC	Real Estate	100.00	100.00
AbaGold	Gold Mining	98.80	100.00
AbaCoal	Coal Mining	100.00	100.00

*Subsidiaries of PRIDE:*

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

*Subsidiaries of TRC:*

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

*Subsidiaries of Omnikor:*

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

*Subsidiaries of MAMCor:*

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

*Subsidiaries of BSDFI:*

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

*Subsidiaries of KPI:*

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

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

*Subsidiaries of VRC:*

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

## Financial Instruments

A *financial instrument* is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### *Early Adoption of PFRS*

After consideration of the result of its impact evaluation, the Group has decided not to early adopt PFRS 9 for its 2012 financial reporting and therefore the interim Financial Statements do not reflect the impact of the standard.

The Group shall conduct in early 2013 another impact evaluation using the outstanding balances of financial statements as of 31 December 2012. Based on said impact evaluation, the Group shall decide whether to adopt PFRS 9 for its 2013 financial reporting and disclose said decision in its interim financial statements as of 31 March 2013.

Should the Group decide to early adopt PFRS 9 for its 2013 financial reporting, its interim report as of March 2013 will already reflect the application of the requirements under the said standard and will contain a qualitative and quantitative discussion of the result of the company's impact evaluation.

### *Initial recognition*

Financial assets and financial liabilities are recognized in the consolidated statements of financial position 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, reevaluates such designation at every reporting date.

#### *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.

#### *Fair value hierarchy*

The Group categorizes its financial asset and financial liability based on the lowest level input that is significant to the fair value measurement. The fair value hierarchy has the following levels: (a) Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities accessible by the Group; (b) Level 2 – inputs that are observable in the marketplace other than those classified as Level 1; and (c) Level 3 – inputs that are unobservable in the marketplace and significant to the valuation.

### 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.



### *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 and advances to related parties are included in this category.

### FINANCIAL LIABILITIES

#### *Other financial liabilities*

This classification pertains to financial liabilities that are not held for trading or not designated as FVPL upon 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, advances from related parties, deposit for the sale of investment in Abacus Coal Exploration and Development Corporation, advances from joint venture, loans 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 statements of comprehensive income.

#### *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 of 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 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 statements of comprehensive income.

##### *Impairment of 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 statements of comprehensive income, 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 statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, when the related assets and liabilities are presented gross in the consolidated statements of financial position.

#### Investments in subsidiaries

A subsidiary is an entity over which the Parent company exercises significant control or over which it has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The Parent company obtains and exercises control through voting rights. The existence and effect of potential voting rights that are currently exercisable and convertible are considered when assessing whether the Parent company controls another entity.

Investments in subsidiaries are carried at cost less any impairment losses in the separate financial statements of the Parent company.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent company obtained control of its subsidiaries, and continue to be consolidated until the date that such control ceases.

### Investments in associates

An associate is an entity over which the Group 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 comprehensive income. Share in post-acquisition change in the associate's net asset not recognized in the associate's statement of comprehensive income is directly recognized in the Group'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

PFRS 3 provides that if the initial accounting for business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or

the cost of business combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date as follows:

1. the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date;
2. goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted;
3. comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting had been completed from the acquisition date.

#### 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 comprehensive income 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 statement of comprehensive income 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 comprehensive income 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 comprehensive income 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:

<b>Category</b>	<b>Estimated useful life in years</b>
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.

#### 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 financial reporting 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 comprehensive income.

Shares held by subsidiaries are recognized at cost. These are shares of the parent company that are owned by its 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*

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.

### *Share in net earnings and losses of associates*

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*

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

### Leases

#### *Group as lessor*

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 comprehensive income on straight-line basis over the lease term.

#### *Group as lessee*

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 comprehensive income on straight-line basis over the lease term.



### Foreign exchange transactions

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the rate of exchange at the financial reporting date. Exchange gains and losses arising from the foreign currency denominated transactions and translations are credited or charged to operations. Non-monetary assets and liabilities are translated at the closing rate if carried at fair value or at historical rate if carried at cost. Any changes in the carrying amount of non-monetary items are reported in profit or loss or in equity to the extent that the gain or loss is directly recognized in equity; otherwise, the exchange difference is recognized in the consolidated statements of comprehensive income.

### Retirement benefits cost

Republic Act No. (RA) 7641 (New Retirement Law) requires the Group to provide minimum retirement benefits to qualified retiring employees. In compliance with the law, the Company provides for estimated retirement benefits to all of its qualified regular and permanent employees.

### Income tax

#### *Current 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*

Deferred income tax is provided, using the 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.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity.

### Events after financial reporting date

Post-year-end events up to the date of the auditors' report that provide additional information about the Group's position at the financial 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 consolidated financial statements when material.

### Significant accounting judgments and estimates

The preparation of the consolidated financial statements in conformity with PFRS requires the Group's management to make estimates, assumptions and judgments that affect the amounts reported in the financial statements.

The estimates and associated assumptions are based on historical experiences and other various factors that are believed to be reasonable under the circumstances including expectations of related future events, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates, assumptions and judgments are reviewed and evaluated on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## JUDGMENTS

### *Leases*

The Group has entered into lease agreements as lessee. The Group has determined that the lessor retains all significant risks and rewards of ownership of these properties under operating lease agreements.

The Group has also entered into lease agreements as lessor where substantially all the risks and benefits of ownership of the asset do not pass on to the lessee under operating lease agreements.

### *Functional currency*

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency is determined to be the Philippine peso. It is the currency that mainly influences the Group's operations.

## ESTIMATES

### *Estimation of useful lives of property and equipment*

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are 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 assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

### *Estimation of mine rehabilitation and decommissioning costs*

The Group recognizes mine rehabilitation and decommissioning liability as soon as legal liability to it has been established. The provision recognized represents the best estimate of the expenditures required to decommission the related equipment at the end of its useful life. Such cost estimates are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Each year, the provision is increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with the charges being recognized under the "Provision for Mine Rehabilitation and Decommissioning" account.

The Group is liable to provide for mine rehabilitation and decommissioning costs in compliance with the terms of the Mineral Production Sharing Agreement (MPSA). However, according to the agreement, recognition shall commence on the development, utilization and processing of mines, which the licensee is not yet into as of the moment.

### *Goodwill and Intangible assets*

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.

The Group reviews its Goodwill 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.

### *Estimation of impairment of non-financial assets*

The Group assesses at each financial reporting date whether there is an indication that the carrying amount of all non-financial assets may be impaired or that previously recognized impairment losses may no longer exist or may have decreased. 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.

### *Income taxes*

The Group is subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite the Group's belief that its tax return positions are supportable, the Group believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law.

## **3. Cash and Cash Equivalents**

	<b>Mar. 2012</b>	Dec. 2011
	<hr/>	<hr/>
Cash on hand	<b>P29,500</b>	P29,500
Cash in bank		
Peso deposits	<b>78,341,338</b>	15,293,652

Foreign-currency denominated deposits		
-in foreign currency	<b>US\$3,455</b>	US\$3,453
-equivalent in Philippine peso	<b>P148,284</b>	P151,372
Total cash in bank	<b><u>P78,489,622</u></b>	<u>P15,445,024</u>
Total cash and cash equivalents	<b><u>P78,519,122</u></b>	<u>P15,474,524</u>

The US dollar-denominated cash in bank was translated at P42.92 and P43.84 to \$1 at March 31, 2012 and December 31, 2011, respectively.

Cash in banks earns interest based on the banks' daily average deposit rates.

#### 4. Trade and Other Receivables

	<b><u>Mar. 2012</u></b>	<b><u>Dec. 2011</u></b>
Account receivable – AbaGold	<b>P497,500,000</b>	P 497,500,000
Trade	<b>2,282,535</b>	1,796,969
Advances to officers and employees	<b>206,824</b>	229,767
Others	<b>307,895</b>	347,548
	<b><u>P500,297,254</u></b>	<u>P499,874,284</u>

Accounts receivable from AbaGold amounting to P497,500,000 pertains to the sale of the Company's gold mining rights covered by Exploration Permit Application (EPA) No. 000028-X111 by way of Deed of Assignment of Mining Rights in Exchange for Shares of Stock executed on December 27, 2011 with Supplemental Deed of Assignment executed on February 17, 2012. By virtue of said assignment, the Company gained control of AbaGold in accordance with Section 40(c)(2) of the National Internal Revenue Code.

#### 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:

		<b>Percentage of Ownership</b>			
		<b><u>Mar. 2012</u></b>		<b><u>Dec. 2011</u></b>	
<b>Principal Activities</b>		<b>Direct</b>	<b>Indirect</b>	<b>Direct</b>	<b>Indirect</b>
POSC	Gaming	-	18.13%	-	18.83%
AbaGT	Holding	9.64%	3.59%	9.64%	3.59%
PSDBI	Banking	-	40.00%	-	40.00%

AbaGold	Gold mining	98.80%	98.80%
Account balance:			
		<b>Mar. 2012</b>	Dec. 2011
POSC, listed in the PSE		<b>P620,397,793</b>	P619,393,800
AbaGT, not listed		<b>43,872,878</b>	43,962,119
PSBI, not listed		<b>23,534,571</b>	23,011,255
AbaGold, not listed		<b>1,000,004</b>	1,000,004
		<b>P688,805,246</b>	P687,367,178

## 6. Related Party Transactions

### Advances to related parties

	<b>Nature of Relationship</b>	<b>Mar. 2012</b>	Dec. 2011
BSDHI	Parent	<b>P87,908,135</b>	P120,823,717
Hedge Integrated Mgt	Common directorship	<b>31,894,460</b>	13,140,260
Geyser, Inc.	Common directorship	<b>4,980,058</b>	4,980,058
		<b>P124,782,653</b>	P138,944,035

## 7. Accounts Payable and Accrued Expenses

	<b>Mar. 2012</b>	Dec. 2011
Trade	<b>P16,758,405</b>	P16,710,933
Accruals	<b>8,063,024</b>	9,281,134
Others	<b>3,168,823</b>	4,940,392
	<b>P27,990,252</b>	P30,932,459

## 8. Loans Payable

	<b>Mar. 2012</b>	Dec. 2011
Omnikor loan	<b>P-</b>	P35,885,714
ACRHI loan	<b>121,600,000</b>	22,800,000
CTDHI loan	<b>2,498,824</b>	2,552,387
	<b>P124,098,824</b>	P61,238,101
Less: Current portion	<b>(106,098,824)</b>	(7,352,387)
Non-current portion	<b>P18,000,000</b>	P53,885,714

## 9. Aging of Accounts Receivable as of March 31, 2012

				7 Mos. to 1 Year	Past due accounts & items in Litigation
	TOTAL	1-3 Mos.	4-6 Mos.		
Type of Accounts Receivable					
<b>A) Related Party Transactions</b>					
BSDL	87,908,135			87,908,135	
Hedge Integrated Mgt.	31,894,460	31,894,460			
Geyser, Inc.	4,980,058			4,980,058	
<b>Net Related Party Transactions</b>	<b>P124,782,653</b>	<b>P31,894,460</b>		<b>P92,888,193</b>	
<b>B) Trade and other Receivables</b>					
Advances to officers & employees	206,824	55,266	83,538	P68,020	
Accounts receivable - AbaGold	497,500,000		497,500,000		
Others	2,590,431	367,704	1,499,996	722,731	
<b>Total</b>	<b>P500,297,254</b>	<b>P422,970</b>	<b>P499,083,534</b>	<b>P790,751</b>	
Less: Allowance for Doubtful Accounts					
Net Non-trade receivables					
<b>Net Receivables</b>	<b>P625,079,907</b>				

### 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 March 31, 2012 and December 31, 2011 are as follows:

	<b>Mar. 2012</b>	<b>Dec. 2011</b>
Trade and other receivables	<b>P500,297,254</b>	P499,874,284
Advances to related parties	<b>124,782,653</b>	138,944,035
	<b>P625,079,907</b>	<b>P638,818,319</b>

The details of the Group's aging analyses of financial assets as of March 31, 2012 and December 31, 2011 are as follows:

		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		
<b>March 31, 2012</b>	<b>Total</b>								
Advances to related parties	P124,782,653	P124,782,653	P-	P-	P-	P-	P-	P-	P-
Trade and other receivables	500,297,254	500,297,254	-	-	-	-	-	-	-
	<b>P625,079,907</b>	<b>P625,079,907</b>	<b>P-</b>	<b>P-</b>	<b>P-</b>	<b>P-</b>	<b>P-</b>	<b>P-</b>	<b>P-</b>
		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		
<b>December 31, 2011</b>	<b>Total</b>								
Advances to related parties	P138,944,035	P138,944,035	P-	P-	P-	P-	P-	P-	P-
Trade and other receivables	499,874,284	499,874,284	-	-	-	-	-	-	-
	<b>P638,818,319</b>	<b>P638,818,319</b>	<b>P-</b>	<b>P-</b>	<b>P577,605</b>	<b>P373,582</b>	<b>P-</b>	<b>P-</b>	<b>P-</b>

### *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 March 31, 2012 and December 31, 2011 are as follows:

March 31, 2012	Total	Maturing in				
		On demand	Less than 3 months	3 - 12 months	1 to 5 years	More than 5 Years
Accounts payable and accrued expenses	P27,990,246	P8,063,024	P-	P19,927,222	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	56,098,824	-	-	56,098,824	-	-
Advances from related party	140,000	140,000	-	-	-	-
	<b>P123,729,070</b>	<b>P47,703,024</b>	<b>P-</b>	<b>P76,026,046</b>	<b>P75,206,613</b>	<b>P-</b>
December 31, 2011	Total	Maturing in				
		On demand	Less than 3 months	3 - 12 months	1 to 5 years	More than 5 Years
Accounts payable and accrued expenses	P30,932,459	P9,281,134	P-	P21,651,325	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	7,352,387	-	-	7,352,387	-	-
Advances from related party	1,179,500	1,179,500	-	-	-	-
	<b>P78,964,346</b>	<b>P49,960,634</b>	<b>P-</b>	<b>P29,003,712</b>	<b>P-</b>	<b>P-</b>

### **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 P3,999,315,602 and P4,002,466,283 as of March 31, 2012 and December 31, 2011, 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 March 31, 2012 and December 31, 2011:

	March 2012		Dec. 2011	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial Assets</b>				
Cash and cash equivalents	P78,519,122	P78,519,122	P15,474,524	P15,474,524
Trade and other receivables	500,297,254	500,297,254	499,874,284	499,874,284
Advances to related parties	124,782,653	124,782,653	138,944,035	138,944,035
	<b>P703,599,030</b>	<b>P703,599,030</b>	<b>P654,292,843</b>	<b>P654,292,843</b>

	March 2012		Dec. 2011	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial Liabilities</b>				
Accounts payable and accrued expenses	P27,990,246	P27,990,246	P30,932,459	P30,932,459
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	56,098,824	56,098,824	7,352,387	7,352,387
Advances from related party	140,000	140,000	1,179,500	1,179,500
	<b>P123,729,070</b>	<b>P123,729,070</b>	<b>P78,964,346</b>	<b>P78,964,346</b>

## 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	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
<b>Revenue</b>										
External revenue	P14,530,279	P19,361,765	P417	P476	P3,268,138	P4,295,266	P-	P-	P17,798,833	P23,657,507
<b>Total Sales</b>	<b>P14,530,279</b>	<b>P19,361,765</b>	<b>P417</b>	<b>P476</b>	<b>P3,268,138</b>	<b>P4,295,266</b>	<b>P-</b>	<b>P-</b>	<b>P17,798,833</b>	<b>P23,657,507</b>
<b>Results</b>										
Segment results	(P4,489,802)	(P3,067,629)	(P1,526,509)	(P2,985,172)	(P1,399,183)	(P946,027)	P-	P-	(P7,415,494)	(P6,998,829)
Share in net earnings (loss) of associates	14,530,279	19,356,140	-	-	3,206,644	4,267,188	-	-	17,736,923	23,623,328
<b>Net Income (Loss)</b>	<b>P10,040,477</b>	<b>P16,288,510</b>	<b>(P1,526,509)</b>	<b>(P2,985,172)</b>	<b>P1,807,462</b>	<b>P3,321,161</b>	<b>P-</b>	<b>P-</b>	<b>P10,321,429</b>	<b>P16,624,499</b>
<b>Assets</b>										
Operating assets	P997,577,416	P447,522,814	P1,464,589,081	P1,398,600,005	P1,711,722,203	P1,668,600,058	(P137,574,318)	(P166,103,556)	P4,036,314,382	P3,348,619,321
Advances to related parties	189,015,383	132,820,302	258,421,793	246,089,625	67,369,284	74,271,868	(390,023,807)	(318,946,917)	124,782,653	134,234,878
Investment in associates	2,664,660,405	2,760,339,334	308,745,049	321,696,250	514,591,835	509,894,555	(2,799,192,043)	(2,919,417,241)	688,805,246	672,512,898
Other Assets	2,170,442	30,442	2,180,396	1,030,646	338,716	318,943	-	-	4,689,554	1,380,031
<b>Total Assets</b>	<b>P3,853,423,645</b>	<b>P3,340,712,892</b>	<b>P2,033,936,318</b>	<b>P1,967,416,525</b>	<b>P2,294,022,039</b>	<b>P2,253,085,424</b>	<b>(P3,326,790,168)</b>	<b>(P3,404,467,714)</b>	<b>P4,854,591,835</b>	<b>P4,156,747,128</b>
<b>Liabilities</b>										
Operating liabilities	P40,324,231	P40,364,764	P10,062,535	P4,119,009	P17,224,192	P17,967,624	P-	P-	P67,610,958	P62,451,397
Advances from related parties	5,042,405	7,062,405	234,423,382	171,366,050	150,698,018	146,840,061	(390,023,805)	(325,268,516)	140,000	-
Loans payable	124,098,824	2,526,188	-	39,500,000	-	5,000,000	-	-	124,098,824	47,026,188
Income tax payable	948	802	-	-	-	5,283	-	-	948	6,085
Deferred tax liability	-	-	320,763,639	306,516,024	345,695,094	330,022,252	(3,033,230)	(3,033,230)	663,425,503	633,505,046
<b>Total Liabilities</b>	<b>P169,466,408</b>	<b>P49,954,159</b>	<b>P565,249,557</b>	<b>P521,501,083</b>	<b>P513,617,304</b>	<b>P499,835,220</b>	<b>(P393,057,035)</b>	<b>(P328,301,746)</b>	<b>P855,276,233</b>	<b>P742,988,716</b>
<b>Depreciation</b>	<b>P16,211</b>	<b>P16,976</b>	<b>P389,700-</b>	<b>P389,514-</b>	<b>P21,000-</b>	<b>P31,020</b>	<b>P-</b>	<b>P-</b>	<b>P426,911-</b>	<b>P437,510-</b>

### **13. Other notes to Q1 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 parent company gained control of AbaGold via execution of a Deed of Assignment of Mining Rights in Exchange for Shares of Stock and Supplemental Deed of Assignment. Compliance requirements with PSE and SEC have been completed. Compliance requirements with BIR are in process.

#### **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.