

COVER SHEET

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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

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Month

3	1
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Day

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FORM TYPE

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Month

2nd Thurs.

Day

Annual Meeting

(PC) LISTED SECURITIES

Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

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Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **December 31, 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.** Postal Code: **1112**
New Manila, Quezon City
8. Issuer's telephone number, including area code: **(02)725-7875/724-5055/724-4355**
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 December 31, 2011: **₱61,238,101**

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

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or 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 that 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 ☐

13. Aggregate market value of the voting stock held by non-affiliates: About ₱ 901 million (based on average closing stock prices as of March 31, 2012)

DOCUMENTS INCORPORATED BY REFERENCE

2011 Audited Consolidated Financial Statements of Abacus Consolidated Resources and Holdings, Inc. and Subsidiaries (incorporated as reference for Item 7 of SEC Form 17-A)

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Abacus Consolidated Resources and Holdings, Inc. ("Abacus") was incorporated on April 30, 1981 as Piedra Negra Mining Corporation, a coal mining company, and publicly listed its shares on October 28, 1987. In 1989 the current majority owners bought out the original stockholders, gained control of the company and converted it into a holding company under its present name.

As a holding company Abacus owns a controlling interest in companies engaged in financial services, real estate, gold mining, and coal mining. It also has a significant stake in Pacific Online Systems Corporation, a company that holds an exclusive right to lease online lottery equipment for the lotto operations of the Philippine Charity Sweepstakes Office in Visayas and Mindanao.

Financial services	Philippine Regional Investment Development Corporation (PRIDE)
Real Estate	Omnikor Industrial Estate and Realty Center, Inc. (Omnikor)
Gold mining	Abacus Goldmines Exploration & Development Corp.
Coal mining	Abacus Coal Exploration & Development Corp.
Leasing of gaming equipment	Pacific Online Systems Corporation (POSC)

Financial services

Abacus owns a 97.5% controlling interest in Philippine Regional Investment Development Corporation (PRIDE). Incorporated in 1979, PRIDE is a duly-licensed investment house and a member of the Investment House Association of the Philippines. PRIDE is mostly engaged in arranging project financing for a variety of real estate, logistics and infrastructure projects. PRIDE has two financial services subsidiaries, namely, Philippine International Infrastructure Fund, a newly-established mutual fund, and Pride Star Development Bank, Inc., a private development bank.

Real estate

The real estate activities of Abacus are lodged mainly under Omnikor Industrial Estate and Realty Center, Inc. (Omnikor), a fully owned real estate subsidiary of PRIDE.

Omnikor's main real estate project is a residential, pilgrimage and recreation complex located in a 100-hectare plus property located in Matuco Point, Batangas City. Matuco Point lies at the southwest tip of Batangas Bay, 30 minutes drive from Batangas City proper. With a peak elevation of 180 meters above sea level, Matuco point slopes down toward white-sand beaches facing Verde Island Passage, a very special strip of sea that is home to spectacular reef formations of more than 300 species of coral and underwater rock canyons and hosts nearly 60 percent of the world's known shorefish species. On a quiet spot of Matuco Point, a pilgrimage site called Monte Maria will be built, a retreat house, meditation gardens, condotels and other facilities. The project is still in its development stage.

Gold mining

Abacus holds 102 gold mining claims in San Francisco and Rosario, Agusan del Sur, which are covered by Exploration Permit Application No. 000028-XIII. Abacus is at present working to complete all the requirements to be able to perfect the said application. The goal is to obtain the exploration permit by third quarter of 2012. Abacus has assigned its gold mining rights in favor of Abacus Goldmines Exploration and Development Corporation in exchange for P500 million worth of shares of the latter at P1.00 par value. The exchange transaction was effected in accordance with Section 40(c)(2) of the National Internal Revenue Code.

Coal mining

Abacus has spun off its coal mining rights per its Coal Operating Contract No. 148 with the Department of Energy (DOE) to Abacus Coal Exploration and Development Corporation (Abacus Coal), a fully owned subsidiary. The coal contract covers Coal Block Nos. L38-84 to -89 and L38-249, located in Tago and Marihatag, Surigao del Sur. These coal blocks contain coal that are generally of the sub-bituminous type. Production in Block No. L38-85 up to 1990 yielded 3,024 metric tons. On September 24, 2008 Abacus entered into a Heads of Agreement with listed firms Music Semiconductors Corporation (Music) and Lodestar Investment Holdings Corporation (Lodestar). The agreement provides for the sale of Abacus Coal in favor of the Music and Lodestar, subject to due diligence to be performed by the purchasers. In May 2009 Music assigned its right to acquire 55% participation and equity interest in Abacus Coal to Lodestar. The due diligence process was completed in June 2009. On November 3, 2010 Abacus entered into a Revised Heads of Agreement with Lodestar pursuant to which the acquisition of the coal mining property by Lodestar will be effected primarily via a merger of Lodestar and Abacus Coal with Lodestar as the surviving corporation. The merger is expected to be completed by the second quarter of 2012. On April 12, 2011, the Department of Energy approved the conversion of COC No. 148 from Exploration Phase to Development and Production Phase. As of the audit period, Abacus Coal is completing the post-approval requirements prior to actual operation, namely, the Environmental Compliance Certificate (ECC) and the Clearance from the National Commission on Indigenous Peoples (NCIP). It is expected to start operations in the middle or latter part of 2012.

Leasing of gaming equipment

Abacus owns an 18% stake in Pacific Online Systems Corporation (POSC), lessor of online betting equipment for the lotto operations of the Philippine Charity Sweepstakes Office (PCSO) in Visayas and Mindanao. POSC disclosed that its full year 2011 net income increased to 430 million, a 14% increase compared to the full year 2010 net income of P378 million. 2011 consolidated revenues increased 9% to P1.35 billion compared to P1.25 billion in 2010. Further revenue increases in 2012 are expected from further rollout of terminals for all online PCSO lottery products nationwide, introduction of new games, more intensified marketing and wider distribution of instant ticket sales, and larger network of retail lottery. POSC has also recently laid the groundwork for future growth by participating, together with Vantage Equities, Inc. and Grand Shares Corporation, in a P1.1 billion investment in Leisure Resorts World Corp. for the gaming component of the \$1-billion integrated resort complex along Roxas Boulevard in Manila.

Competition

The company may face competition for its real estate projects from other companies also engaged in similar types of development. Abacus' properties, however, possess unique features that give them an edge over similar types of development. Matuco Point is situated beside a pilgrimage site and next to a

center of marine biodiversity; the Rosario property combines fertile climate and soil with easy access to the principal markets for agricultural products in Calabarzon; etc.

In the area of financial services, Abacus will face normal competition from other parties that offer similar services in the capital and financial markets although, since the project financing activities of PRIDE are concentrated on projects of affiliate companies, its business is hardly affected by such competition.

Insofar as the company's mining businesses are concerned, both its gold and coal mining properties are still in pre-operating stage. Competition among producers of gold, on the one hand, and coal, on the other is not very significant given high worldwide demand for both. Once this demand dips, however, the company will face greater competition from mining companies in the Philippines and in other mine-producing countries.

Abacus' interest in the lease of lottery equipment is through Pacific Online Systems Corporation (POSC) which enjoys an exclusive right to lease betting equipment to PCSO in Visayas and Mindanao and therefore faces minimal competition in that regard.

Assessment of business risk

The success of the company's real estate projects is dependent on quality of execution and marketing. The ongoing real estate projects represent the company's first foray into property development as such. Execution risks therefore exist, which the company hopes to mitigate with its signing with a reliable development partner.

The company's financial services business carries the usual attendant risks, but since, as stated above, PRIDE services mainly its affiliate companies, these risks are properly contained.

For the leasing of lottery equipment, revenues may be threatened by cultural and political factors. More significantly, this business is also dependent on the grant of lease renewals beyond the current lease periods.

For its mining interests, the company faces the risk of non-recovery of pre-operating costs in the event actual exploration does not yield significant results.

Other information on the company's business

1. There were no bankruptcy, receivership or similar proceedings for company or its subsidiaries, nor was there any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets of the company in the ordinary course of business for the past three (3) years.
2. There were no major existing sales contracts for the company and its subsidiaries.
3. The company does not hold any patent, trademark, copyrights, franchise, concession or royalty agreement.
4. The company has not incurred any costs nor experienced any effects resulting from compliance with environmental laws since the company is yet to commence exploration of the mining properties.
5. The company has five (5) employees. None of these employees belongs to a union. The company has no supplemental benefits or incentive arrangements with its employees.

Item 2. Properties

As of end of 2010 the company's real estate properties are as follows:

Location	Area (hectares)	Status/Development Concept
Matuco and Pagkilatan, Batangas City	117	residential and townhouse subdivision project
Rosario, Batangas	11 ¹	residential and leisure farm project
San Salvador, Lipa City	40 ²	part of consolidation for the Fernando Air Base expansion and township project
Malinis, Lemery, Batangas	33	hotel and resort development
Mataas na Bayan, Lemery, Batangas	35	agro-industrial or tourist/recreational development
Padre Garcia and Rosario	80.2	agricultural
Mataas na Bayan, Lemery	9.0	wellness resort
Malinis, Lemery	3.7	aquaculture project
San Juan, Mabini	3.0	industrial
Manghinao, Bauan	1.5	Industrial
Simlong, Batangas City	9.6	industrial
Wawa, Batangas City	3.7	agricultural
Mataas na Kahoy, San Salvador Kalingatan, and Tanguay, Lipa City	22.0	part of Fernando Air Base redevelopment and township project
Banay-banay, Lipa City/San Jose	3.6	part of Haven of Infinity Memorial Park project
Poblacion, Lipa City	349 sq.m.	Commercial

¹Part of a total of 92 hectares; the bigger portion is owned by an affiliate of PRIDE.

²The total area being consolidated is approximately 1,000 hectares. The other parcels are owned by affiliates and by partners who are expected to eventually form a consortium with PRIDE for the project.

The other properties of Abacus consist of its gold and coal mining rights, as stated above, and its mining-related properties such as a 2,280-square meter property in Tandag, Surigao del Sur which contains the staff house, storage and staging areas; roads and other improvements; and transportation equipment.

Some of the above properties are mortgaged for occasional financial requirements of Abacus and its subsidiaries.

Abacus has no significant lease properties.

Item 3. Legal Proceedings

There are no pending legal proceedings that are material to which the company is a party or of which any of its property is the subject.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of 2011.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

Market Information

The company's shares are traded at the Philippine Stock Exchange (PSE). The company's stock was trading at the following prices during the first quarter of 2012 and the two (2) previous fiscal years:

		<u>HIGH</u>	<u>LOW</u>
<u>2012</u>	1Q	0.78	0.76
<u>2011</u>	1Q	0.93	0.90
	2Q	0.90	0.87
	3Q	0.83	0.83
	4Q	0.94	0.91
<u>2010</u>	1Q	0.63	0.59
	2Q	0.63	0.61
	3Q	0.62	0.59
	4Q	0.98	0.93

Holders

Top 20 stockholders as of December 31, 2011

	<u>Name of Stockholder</u>	<u>No. of Shares</u>	<u>Percentage of Ownership</u>
1	PCD Nominee Corporation	1,557,703,023	58.6718%
2	Blue Stock Development Holdings, Inc. **	906,529,820	34.1450%
3	Countrywide Transcapital Development Holdings, Inc.	70,100,000	2.6404%
4	Phil. Regional Investment Development Corporation	32,635,000	1.2292%
5	Ramon De Leon	21,572,221	0.8125%
6	Omnikor Industrial Estate & Realty Center, Inc.	14,135,000	0.5324%
7	Richard Raymond Leong	7,190,739	0.2708%
	Rosselle Leong	7,190,739	0.2708%
	Ricardo Leong	7,190,739	0.2708%
8	Calixto Y. Laureano	3,595,370	0.1354%
9	Jackson Laureano	2,493,889	0.0939%
	James Laureano	2,493,889	0.0939%
10	Jose V. Romero, Jr.	2,360,010	0.0889%
11	Lucio W. Yan &/or Clara Y. Yan	2,000,000	0.0753%

12	Arlene &/or Bethelann &/or Fedelina U. Ravalo &/or Eliodoro Ravalo	1,300,000	0.0490%
13	Abacus Goldmines Exploration & Development Corp.	1,000,000	0.0377%
14	Martha R. Horrigan	925,000	0.0348%
15	AACTC/SFP FAO TRINITY INVESTMENT	670,000	0.0252%
16	Clemente Y. Ong	610,000	0.0230%
17	Carlos G. Go	540,000	0.0203%
18	Illuminado B. Montemayor	500,000	0.0188%
19	Leonardo M. Javier, Jr.	497,000	0.0187%
20	Cesar A. Noriega	430,000	0.0162%
	TOTAL	** 2,643,662,439	99.5750%

** inclusive of 654,529,820 new shares

Approximate number of shareholders of common shares, including beneficial owners of PDTC-lodged shares: 800

Dividends

On January 24, 2008 the company declared a ten percent (10%) property dividend with record date 14 February 2008 consisting of approximately P200 million worth of shares of Abacus Global Technovisions, Inc. The Certificate of Filing of Notice of Property Dividend Declaration was issued by the SEC on April 8, 2008. The company did not declare any other dividends during the last three (3) fiscal years.

Recent Sales of Unregistered Securities

The company conducted a stock rights offering in January 2008, with the following particulars:

- a) Date of sale: January 10-16, 2008 (offer period)
Securities sold: 39,894,020,033 common shares
- b) Underwriters: none
Purchasers: existing stockholders only
- c) Total offering price: P398,940,200.33
Underwriting discounts/commissions: none
- d) Basis of exemption from registration: Section 10.1 e) of the Securities Regulation Code - only stockholders as of record date, to the exclusion of any other parties, were eligible to purchase shares/avail of the stock rights offering

On 28 December 2009 the company issued 654,529,820 new shares pursuant to a Deed of Exchange of Shares of Stock with Blue Stock Development Holdings, Inc. The particulars of the issuance are as follows:

- a) Date of issuance: 28 December 2009
Securities issued: 654,529,820 common shares
- b) Underwriters: none
Purchasers: existing stockholder only
- c) Total price of issuance: P654,529,820.00

Underwriting discounts/commissions: none

- d) Basis of exemption from registration: Section 10.1 e) of the Securities Regulation Code - issuance to existing stockholder only, where no commission or other remuneration is paid or given directly or indirectly in connection with the issuance of shares

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

Plan of Operation

Being a holding company, Abacus will be focusing on two main lines of activity, namely, further strengthening existing operating teams to enhance their capability to bring projects to full fruition and generate revenue streams, and laying the groundwork for liquidating investments that have already appreciated due to increases in real estate prices or in cashflow potential and goodwill of operating subsidiaries.

For 2012, the company will be pursuing deals in order to commence operations in its gold and mining properties. For its real estate portfolio, the company will also be pursuing deals to be able to complete the development of its project in Matuco, Batangas City. The company is also exploring the possible development of other real properties into leisure condotels, agricultural farmlots, and private airstrips.

The company will be able to provide the cash requirements from its existing cash balances and from the sale of or dividends from its shares in Pacific Online Systems Corporation. This will be augmented through the activities of its financial services subsidiaries and through specific project contributions from existing and prospective operating and development partners.

Critical Accounting Policies

Listed below are Accounting Standards and Interpretations under PFRS effective as of balance sheet date:

PAS 1 (Revised)	Presentation of Financial Statements	Adopted
PAS 2	Inventories	Adopted
PAS 7	Cash Flow Statements	Adopted
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Adopted
PAS 10	Events after the Balance Sheet Date	Adopted
PAS 11	Construction Contracts	Adopted
PAS 12	Income Taxes	Adopted
PAS 14	Segment Reporting	Adopted
PAS 16	Property, Plant and Equipment	Adopted
PAS 17	Leases	Adopted
PAS 18	Revenue	Adopted
PAS 19 (amended)	Employee Benefits	Adopted
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Not applicable
PAS 21	Net Investment in Foreign Operation	Not applicable
PAS 23 (revised)	Borrowing Costs	Adopted
PAS 24 (revised)	Related Party Disclosures	Adopted
PAS 26	Accounting and Reporting by Retirement Benefit Plans	Not Adopted (Note 17)

PAS 27 (amended)	Separate Financial Statements	Adopted
PAS 28 (amended)	Investment in Associates and Joint Venture	Adopted
PAS 29	Financial Reporting in Hyperinflationary Economies	Not applicable
PAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions	Not applicable
PAS 31	Interests in Joint Ventures	Adopted
PAS 32	Financial Instruments	Adopted
PAS 33	Earnings per Share	Adopted
PAS 34	Interim Financial Reporting	Not adopted
PAS 36	Impairment of Assets	Adopted
PAS 37	Provisions Contingent Liabilities and Contingent Assets	Adopted
PAS 38	Intangible Assets	Adopted
PAS 39	Financial Instruments- Recognition and measurement	Adopted
PAS 40	Investment Property	Adopted
PAS 41	Agriculture	Not applicable
PFRS 1	First time adoption of PFRS	Adopted
PFRS 2	Share-based payment	Adopted
PFRS 3	Business Combinations	Adopted
PFRS 4	Insurance Contracts	Adopted
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	Adopted
PFRS 6	Exploration for and Evaluation of Mineral Resources	Adopted
PFRS 7	Financial Instruments: Disclosures	Adopted
PFRS 8	Operating Segments	Adopted
PFRS 9	Financial Instruments-Recognition and Measurement	Adopted

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The significant accounting policies that have been used in the preparation of these financial statements are summarized below.

Statement of Compliance

The financial statements of the Parent Company have been prepared in accordance with PFRS. PFRSs are adopted by the Financial Reporting Standards Council (FRSC), formerly the Accounting Standards Council, from the pronouncements issued by the International Accounting Standards Board (IASB).

- (a) PFRSs - corresponding to International Financial Reporting Standards;
- (b) Philippine Accounting Standards (PASs) - corresponding to International Accounting Standards; and
- (c) Interpretations to existing standards - representing interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee, of the IASB which are adopted by the FRSC.

The Group financial statements have been prepared under the cost convention as modified by the revaluation of financial assets at fair value through profit and loss and investment properties being held by the Company.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires the management to exercise judgments in the process of applying

accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in Note 3 thereof.

Basis of Measurement

The Group's consolidated financial statements have been prepared based on historical cost except for certain investment property which have been measured at their appraised values and investments in associates which have been measured using the equity method.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as of December 31, 2011 and 2010. The financial statements of the subsidiaries are prepared for the same reporting year as the Group, using consistent accounting policies. The consolidated financial statements present the financial performance and financial position of the Group and its subsidiaries as if they form a single entity. Inter-company transactions and balances between companies within the Group are eliminated in full in preparing the consolidated financial statements.

The subsidiaries are entities over which the Parent company exercises significant control or over which the Parent company has the power, either directly or indirectly, to govern the financial and operating policies generally accompanying shareholdings of more than 50% of the voting rights. The Parent company obtains and exercises control through voting rights.

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.

All intra-group balances, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intra-company transactions that are recognized in assets are eliminated in full.

At acquisition date, the assets and liabilities of the relevant subsidiaries acquired are measured at their fair values. The interest of minority shareholders is stated at the minority's proportional share to the fair values of the assets and liabilities recognized.

The results of operations of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate.

For a list and brief description of the Parent Company's direct and indirect subsidiaries, please see Note 2.1.3 of the consolidated financial statements.

Minority Interest

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Parent company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed on any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect to those interests, that meet the definition of a financial liability. Minority interests are presented in the consolidated statements of financial position within equity, separately from equity attributable to the equity shareholders of the Parent company. Minority interests in the results of the Group are presented on the face of the consolidated statements of comprehensive income as an allocation of the net income for the year between minority interests and the equity shareholders of the Parent company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except

to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, all such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered in full.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Philippine Peso, which is the Company's functional and presentation currency. All values are rounded to the nearest peso except when otherwise indicated.

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximates those prevailing on transactions dates.

Foreign currency gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates or monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Changes in Accounting Policies

The accounting policies adopted in the preparation of the Group's financial statements have been consistently applied in all years presented except as stated below.

New standards, amendments to existing standards

The following new and revised standards, interpretations and improvements/amendments to existing standards are mandatory for financial year beginning January 1, 2011 except when otherwise indicated.

- *PAS 12 (Amendment) Income taxes (effective date from January 1, 2012).* PAS 12 requires an entity to measure deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will normally be through sale.
- *PAS 19 (Amendment), Employee benefits (effective from January 1, 2013).* The amendment requires recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements. It also modifies accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits.
- *PAS 24 (Amendment), Related Party Disclosures (effective January 1, 2011).* It simplifies disclosure requirements for the government-related entities.
- *PAS 34 (Amendment), Interim Financial Reporting (effective January 1, 2011)* It provides guidance regarding disclosure requirements. When an event or transaction is significant to an understanding of the changes in an entity's financial position or performance since the last annual reporting period, its interim financial report should provide an explanation of and update to the relevant information included in the financial statements of the last annual reporting period.

- *PFRS 9 Financial Instruments: Recognition and Measurement* (effective from January 1, 2013). PAS 39, Financial instruments: Recognition and Measurement, will be replaced by PFRS 9 in its entirety which is being issued in phases. The main phases are (with a separate project dealing with derecognition):
 - Phase 1 : Classification and Measurement
 - Phase 2 : Impairment Methodology
 - Phase 3 : Hedge Accounting

To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning January 1, 2013. Other chapters dealing with impairment methodology and hedge accounting are still being finalized.

The Management is yet to assess the impact that this amendment is likely to have on the financial statements of the Company. However, it does not expect to implement the amendments until all chapters of PFRS 9 have been published, at which time the Company expects that it can comprehensively assess the impact of the revised standards.

Statement of Financial Position

The following are descriptions of specific statement of financial position captions.

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.

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:

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

The carrying value of property and equipment, net of accumulated depreciation is presented in Note 9 of the consolidated financial statements.

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.

Managements's Discussion and Analysis of Results of Operations and of Financial Condition

2011

The company posted a gross income of P672.4 million, of which P497 million or roughly 74% came from the gain on transfer of mining rights. Other large income items were share in net earnings from investment in POSC; Abacus Global Technovisions, Inc. (Aba GT) and Pride Star, a bank subsidiary in the amount of P70.3 million or 10.45%; P1.8 million or 0.27% and P1.2 million or 0.18%, respectively and gain on revaluation of investment properties in the amount of P100.2 million or 14.89%. Income from operations and other income combined increased by 24.64%, with the decrease in gain on revaluation being more than offset by a much larger increase in gain on transfer of mining rights. On the other hand, operating expenses, finance costs and provision for income tax decreased by 77.45%, due mainly to a much smaller provision for deferred income tax as a consequence of a much smaller gain on revaluation. The company, thus, registered a consolidated net income of P611.63 million or 126.68% higher than the previous years' figure, which translates to a basic earnings per share of ₱0.28065 compared to the previous year's ₱0.12097.

Insofar as financial condition is concerned, the company ended the year with an even stronger balance sheet, with its assets reaching P4.78 billion, while its current liabilities stood at a mere P79 million and equity at P4 billion. While noncurrent liabilities totaled P717 million, the bulk of this or P663 million consists of deferred tax provisions resulting from accumulated revaluation gains on real properties.

2010

The company posted a gross income of P539.5 million, of which P443 million or roughly 82% came from the gain on investment property revaluation of all properties. Other large income items were share in net earnings of POSC (P81.5 million or 15.11%); gain on sale of investment in associate (P4 million or 0.74%) and gain on disposal of investment property (P8.7 million or 1.62%). Gross income decreased by 22.74% and expenses increased by 15.58%, which includes provision for deferred income tax on revaluation of property, the company registered a consolidated net income of P269.82 or 41.97% less than the previous years' figure. The company thus ended the year with a basic earnings per share of ₱0.12097 compared to the previous year's ₱0.26667.

2009

The company posted a gross income of P698.8 million, of which P645 million or roughly 92% came from the gain on investment property revaluation in Montemaria properties. Other large income items were share in net earnings of POSC (P49.5 million or 7.08%) and interest (P1.2 million or 0.17%). With gross income decreased by 33.01% and expenses increased by 8.08% including provision for deferred income tax on revaluation of property, the company registered a consolidated net income of P464.96 or 43.75% less than the previous years' figure. The company thus ended the year with basic earnings per share of ₱0.26667 compared to the previous year's ₱0.55064.

Causes of material changes

Balance Sheet Accounts

End-2011 vs End-2010

Cash and cash equivalents decreased 21% due to additional advances to affiliates for payment of principal and interest on PRIDE STAR loan and real estate projects.

Trade and other receivables significantly increased due to the receivables from Abacus Goldmines that pertains to the sale of the company's gold mining rights.

Advances to related parties increased 7% 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.

Other assets increased 66% due to accumulation of expanded value added tax and creditable tax withheld.

Investment in associates increased 9% due to recording of share in net earnings from investment in POSC; Aba GT and Pride Star, a bank subsidiary.

Property and equipment decreased 11% due to depreciation of equipment.

Construction in progress increased 35% due to further development of the properties in Matuco and Pagkilatan, Batangas City.

Other non-current assets increase almost 5X due to the classification of initial investment in Lite Aviation Holdings Limited (LAH) as non-current assets.

Accounts payable and accrued expenses increased 34% due to the accrual professional fees for audit fees, fairness opinion in the valuation of additional 654M ABA common shares and other liabilities.

Income tax payable decreased 84% due to a corresponding decrease in taxable current income.

Current and Non-current portion of loans payable increased 188% and 28% respectively due to the new loan obtained by ABACUS from Banco De Oro Unibank, Inc. for partial payment of principal and interest of an affiliate's loan and to provide funding for projects.

Deferred tax liability increased 5% due to the provision for new revaluation on investment properties.

Rental deposit payable decreased 29% due to recording the advanced deposit for rental of equipment to rental income.

Shares held by subsidiaries increased 8% because of the elimination process although the price of the company's shares in the market decreased from P0.97 as of yearend 2010 to P0.91 as of yearend 2011 and there was no additional shares acquired by subsidiaries.

End-2010 vs End-2009

Cash and cash equivalents increased 39% due to additional cash dividend received from POSC and cost cutting measures of the company.

Trade and other receivables decreased 90% due to the collection of receivables and liquidation of advances.

Other current and non-current assets increased 19% due to accumulation of expanded value added tax and creditable tax withheld.

Investment in associates increased 8% due to recording of share in net earnings in POSC.

Investment property increased 14% due to the revaluation of properties.

Property and equipment increased 7% due to the acquisition of equipment by Omnicor Industrial Estate Realty Center, Inc., a PRIDE subsidiary, for the Montemaria projects in Batangas City.

Goodwill decreased 13% resulted from the revaluation of Kapuluan Properties, Inc. (KPI) and Vantage Realty Corporation (VRC).

Accounts payable and accrued expenses increased 7% due to the accrual professional fees for audit fees and other liabilities.

Income tax payable decreased 57% due to a corresponding decrease in taxable current income.

Loans payable increased 36% due to payment of loans.

Deferred tax liability increased 12% due to the provision for new revaluation on investment properties.

Rental deposit payable increased 41% due to advanced deposit for rental of equipment.

Shares held by subsidiaries increased 40% because the price of the company's shares in the market increased, and there was additional 2.55 million shares acquired by subsidiaries.

Minority interest increased 15% due to increase in total equity plus adjustment for share of minority in net income.

Income Statement Accounts

FY 2011 vs FY 2010

Share in net earnings of associate decreased 11% because of the decrease in the net earnings of POSC and in the net income of the bank subsidiary of PRIDE.

Rental income increased 10% due to recording the advanced deposit for rental of equipment.

Gain on transfer of mining rights pertains to the sale of gold mining rights covered by Exploration Permit Application (EPA) No. 000028-XIII.

Unrealized forex loss refers to the loss imputed to the dollar-denominated loan of Countrywide Transcapital Zone Holdings, Inc.

Significant decreases were posted in compensation and benefits (22%); utilities (14%) and office supplies and publication (11%) due to cost-cutting measures.

Taxes and licenses decreased 58% because the 2010 figure represents accumulated real estate tax paid

Management and directors' fees decreased (14%) because of less board meetings held in the year 2010.

Repairs and maintenance and transportation increased 205% and 67%, respectively, due to the repair and fuel consumption of service vehicles used in Montemaria projects.

Insurance decreased 75% because of none payment of the motor vehicle insurance on a cut-off period.

Miscellaneous expenses increased 44% due to donations given to a non-profit school project and payment of SEC fees on the confirmation of valuation of 654M new shares.

Interest expense decreased 29% due to the partial payment of principal loan made.

Bank charges increased 20% due to the new loan obtained by ACRHI.

Gain on revaluation and provision for income tax deferred decreased 77% and 87% respectively due to the revaluation of selected properties only.

Other income increased 44% due to the rental of Omnicor's equipment.

Key performance indicators (KPIs) of parent company and subsidiaries

	ABA ¹	PRIDE	ABA ¹	PRIDE
	<i>December 31, 2011</i>		<i>December 31, 2010</i>	
Gross income	672,441,370	2,742,184	539,499,054	1,971,784
Net income	611,632,952	7,074,405	269,822,597	2,148,575
Return on assets ²	13.715%	1.136%	6.807%	0.376%
Current ratio ³	8.3059	0.351	2.4179	0.411
Tangible net worth ⁴	3,653,635,124	561,714,896	3,032,000,752	554,640,491

¹parent and subsidiaries

²net income/average total assets

³current assets/current liabilities

⁴net worth minus intangible assets

For a discussion and analysis of the above KPIs, see above under the headings "2011" and "2010".

Notes:

1) Abacus Goldmines Exploration and Development Corporation and Abacus Coal Exploration and Development Corporation are still in pre-operating stage.

2) 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.

Additional notes regarding the company's operations and financial condition

The company does not have and does not anticipate having within the next twelve (12) months any cash flows or liquidity problems. Neither is the company in default or breach of any note, loan, lease, or other indebtedness or financing arrangement requiring it to make payments, nor does the company have a significant amount of trade payables unpaid within the stated trade terms.

To the best of the company's knowledge there are no events that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation.

The company has no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

The company generates sources of liquidity by pre-termination of short-term cash placements and disposal of fixed assets.

The company has no material commitments for capital expenditures during the reporting period.

Seasonality or cyclicity is not applicable to the parent company, being a holding company with minimal operations. Neither is it applicable to any of the subsidiaries considering the nature of their respective businesses.

There are no material events and uncertainties known to the management that would cause reported financial information not to be necessarily indicative of future operating results or future financial condition.

Item 7. Financial Statements

The financial statements and schedules are filed as part of this form (see attached).

Item 8. Changes in and disagreements with Accountants on Accounting and Financial Disclosure: None

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Name, age, position, citizenship and period of service of each director and executive officer

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Citizenship</u>	<u>Period of service</u>
Jose V. Romero, Jr.	78	Chairman	Filipino	2002 to present
Manuel A. De Leon	79	Director/Vice Chairman	Filipino	1989 to present
Leonardo S. Gayao	65	Director/President	Filipino	1989 to present
Calixto Y. Laureano	82	Director	Filipino	1989 to present

Ricardo C. Leong	76	Director	Filipino	1989 to present
Martha R. Horrigan	74	Director	Filipino	1989 to present
Willy N. Ocier	53	Director	Filipino	2007 to present
William Y Tieng	63	Director	Filipino	2008 to present
Cindy B. Cayanan	33	Director	Filipino	elected 3-3-11
Antonio Victoriano F. Gregorio III	38	Director	Filipino	elected 7-9-09
Manuel R. Moje	76	Director	Filipino	elected 7-9-09
Arturo V. Magtibay	63	Director	Filipino	elected 7-9-09
Gonzalo G. Puyat II	77	Independent Director	Filipino	2008 to present
Jose A. Syjuco, Jr.*	63	Independent Director	Filipino	elected 7-8-10
Joaquin E. San Diego	49	Vice Pres./Corp. Sec.	Filipino	2005 to present
Jose L. Carlos, Jr.	63	Treasurer	Filipino	appointed 3-16-09
Rico G. De los Reyes	41	Comptroller	Filipino	appointed 4-2-09

*Mr. Syjuco has resigned due to business commitments that will prevent him from fulfilling his duties as director and Board committee member. The Board accepted his resignation on February 28, 2012 and is yet to elect his replacement as independent director.

Business experience of directors and executive officers during the past five (5) years

Jose V. Romero, Chairman of ABACUS, is also Chairman of the Board of Philippine Regional Investment Development Corporation (PRIDE), an investment house. He is a member of the Southeast Asia Advisory Board of Rolls Royce International and Senior Adviser of the Gulfstream Aerospace and Power Corporation (both UK). He previously served as Chairman of the Philippine Coconut Authority and as Ambassador to Italy. He earned his masteral and bachelor's degrees in Economics and History at Cambridge University, UK.

Manuel A. De Leon, Vice Chairman of ABACUS, is a director of PRIDE, Asean Publishers, Inc. and Asean Integrated Management, Inc. He also serves as Vice Chairman and Executive Vice President of Pacific Online Systems Corporation. He was a director of the Manila Banking Corporation and served as advertising and marketing executive in J. Walter Thompson, Philippine Refining Company and The Manila Chronicle.

Leonardo S. Gayao took over the post of President on March 16, 2009. Atty. Gayao has been a Director of Abacus Consolidated Resources and Holdings, Inc. since 1993. Since 2005 he has also been its Vice President-Legal. He has also been President of Philippine Regional Investment Development Corporation, an investment house, and Chairman of Omnicor Industrial Estate and Realty Center, Inc. since 1995. He sits in the Board of various corporations engaged in real estate activities, leasing of gaming equipment, banking and mining. He has been continuously engaged in management, law practice and deal making for the past 30 years. He obtained his Bachelor of Laws degree from the San Beda College.

Calixto Y. Laureano is Managing Director of Flexo Manufacturing Corporation, an industry leader in the packaging industry. He is also a director of Apollo Development Corporation, Leveflex Corporation and Scanatronics Repro Corporation, among others. He is a chemical engineer and businessman.

Ricardo C. Leong is a director of Flexo Manufacturing Corporation and Sinophil Corporation and a member of the Advisory Board of Equitable PCI Bank. He obtained his Bachelor of Science Degree in Mathematics from Fordham University, New York.

Martha R. Horrigan is a director of Professional Pension Plans, Inc. and Professional Academic Plans, Inc. She is an actuary and has been involved in a variety of businesses including mining, real estate, restaurants and pre-need plans.

Willy N. Ocier is the Chairman and President of Pacific Online Systems Corporation. He also serves as Co-Vice Chairman of Belle Corporation and Highlands Prime, Inc.; as Chairman of Tagaytay Midlands Golf, Inc., APC Group, Inc., and Sinophil Corporation; as Vice Chairman of Tagaytay Highlands International Golf Club, Inc.; and as a Director of iVantage Corporation. He was also previously affiliated with Eastern Securities Development Corporation, being its past President and Chief Operations Officer.

William Y. Tieng's business experience spans a period of more than 30 years, in companies engaged in the importation and distribution of internationally known brands of consumer goods, cable television, real estate and securities trading. Currently he is the Chairman of the Board of Federated Distributors, Inc., Solar Entertainment Corporation, Solar Resources, Inc. and KLG International Inc. He is also Vice Chairman of the Media Committee of the Federation of Filipino-Chinese Chamber of Commerce and Industry. Mr. Tieng has a degree in Business Administration from the De La Salle University.

Cindy B. Cayanan was elected director on March 3, 2011. She has a wide experience in accounting, audit, due diligence, risk assessment and regulatory compliance work for companies under the supervision of the Securities and Exchange Commission, the Board of Investments, the Philippine Economic Zone Authority and the Bangko Sentral ng Pilipinas. She is a Certified Public Accountant and is currently pursuing law studies.

Antonio Victoriano F. Gregorio III is director, corporate secretary and assistant corporate information officer of Lodestar Investment Holdings, Inc. He graduated, Second Honors, with a Juris Doctor Degree from the Ateneo de Manila University in 1998 and passed the bar examinations in 1999. He also has a Bachelor of Science Major in Management Engineering and a Bachelor of Arts Major in Economics-Honors, both from the Ateneo de Manila University, Honorable Mention and Cum Laude, respectively. He was valedictorian of his high school class in Ateneo. Atty. Gregorio is a partner of Gregorio Law Offices and sits as director and officer of various private and public companies, including AGP Industrial Corporation, Active Earnings, Inc., among other companies.

Manuel R. Moje is a director of Click Communications, Inc. and Philippine Regional Investment Development Corporation. He obtained his Bachelor of Business Administration degree from the Philippine College of Commerce in 1956 and his Bachelor of Laws degree from the University of the Philippines in 1963.

Arturo V. Magtibay is President of Omnicor Industrial Estate and Realty Center, Inc. and Abacus Global Technovisions, Inc. He was the Provincial Engineer of Batangas from 1996 to 2007. He is also Assistant Professor III and Chairman of the College of Engineering of the University of Batangas. He finished Bachelor of Science in Civil Engineering at the Mapua Institute of Technology.

Gonzalo G. Puyat II is a well-known businessman, politician and sports advocate. He was President of the International Amateur Basketball Federation (FIBA) from 1976 to 1984. From 1984-1986 he served as Representative to the Batasang Pambansa.

Jose A. Syjuco, Jr. was educated at the United States Military Academy at West Point, with a Bachelor of Science degree in Engineering (1969). He received his Master of Arts degree in Politics and Economics from the University of Oxford in England (1971). He was Class Valedictorian both in the De La Salle College Grade School (1960) and High School (1964). He has had 21 years of continuous service in the Philippine government from 1965 to 1986, spent in three government departments: the Ministry of National Defense, the Ministry of Public Works and Highways and the Ministry of Foreign Affairs. Serving initially as a regular

officer in the Philippine Army for 4 years, he took and topped the 1972 Foreign Service Officer Public Examinations, which resulted in his transfer to the DFA. In the Department of Foreign Affairs he was appointed the youngest ambassador ever at the age of 31 in 1978 and had key assignments in the Middle East, Europe and the United States. At the Ministry of Public Works (1979-1981) as Deputy Minister (Undersecretary), he worked hard on streamlining services and on graft-busting which led him winning the Philippine Jaycees' TOYM award for distinguished public administration in 1981. He was a professorial lecturer in Economics at the De La Salle University and Associate Professor at the National Defense College of the Philippines.

Joaquin E. San Diego, Vice President and Corporate Secretary of ABACUS, is a Senior Partner of Añover Añover San Diego & Primavera Law Offices. His legal practice is focused on the fields of corporate law, securities, taxation and investments. He has wide experience in the registration of corporations, registration and listing of securities of companies for public offering, and licensing of specialized corporations, including banks and mutual funds. He was formerly Special Counsel for Legislative Affairs of the Chamber of Mines of the Philippines and served as Chief Legal Counsel of the Federation of Regional Development Councils, a national organization composed of provincial governors, mayors and regional heads of Philippine Government departments. From 1995 to 1998 he served as member of the Board of Trustees of the University of Asia and the Pacific in Pasig City. He finished BS Chemical Engineering and Bachelor of Laws at the University of the Philippines.

Jose L. Carlos, Jr. was a member of the Management Committee and Vice President of Globe Telecom, Inc. from 1998 to 2001. Previously he was a Information Technology General Manager of PT Indofod Sukses Makmur and Chief Information Officer of Salim Food and Consumer Products Division of the Salim Group in Indonesia. Mr. Carlos has expertise in finance, information technology and experimental science. He holds a PhD in Chemistry from Cornell University, New York.

Rico G. De los Reyes served in the accounting staff of Alpha Asia Hotels and Resorts, Inc., until he was tapped to join the accounting staff of Philippine Regional Investment Development Corporation in 2004. In 2008, upon the resignation of Mr. Nelson P. Santos as Comptroller of Abacus Consolidated Resources and Holdings, Inc. (ACRHI), Mr. De los Reyes was tapped by then Treasurer, Mr. Iluminado B. Montemayor to assist in the Treasury and Accounting Department of ABACUS. Mr. De los Reyes graduated with a degree of BS Commerce, major in accounting from the University of Batangas.

Other directorships held in reporting companies

Ricardo C. Leong is also a director of Sinophil Corporation. Willy N. Ocier is Chairman of Pacific Online Systems Corporation, APC Group, Inc., and Sinophil Corporation, Co-Vice Chairman of Belle Corporation and Highlands Prime, Inc., and Director of iVantage Corporation. Manuel A. De Leon and Leonardo S. Gayao are also Directors of Pacific Online Systems Corporation. Antonio Victoriano F. Gregorio III is also a director of Lodestar Investment Holdings Corporation and AGP Industrial Corporation.

Significant Employees

Other than the above named officers the company has no other significant employees.

Family Relationships

There are no family relationships among the company's directors and officers.

Involvement in Certain Legal Proceedings

To the best of the company's knowledge the above named directors and officers have not been involved in any legal proceedings during the last five (5) years that could be material to their ability or integrity.

Item 10. Executive Compensation

Compensation of executive officers

Name and Principal Position	Year	Salary (PhP)	Other Annual Compensation (PhP)	Aggregate Compensation (PhP)
Leonardo S. Gayao, President Joaquin E. San Diego, VP & Corp. Sec Rico G. De los Reyes, Comptroller	2010			
All officers as a group unnamed		1,532,700	571,468	2,104,168
Leonardo S. Gayao, President Joaquin E. San Diego, VP & Corp. Sec Rico G. De los Reyes, Comptroller	2011			
All officers as a group unnamed		1,532,700	723,071	2,255,771
Leonardo S. Gayao, President Joaquin E. San Diego, VP & Corp. Sec Rico G. De los Reyes, Comptroller	2012 (est.)			
All officers as a group unnamed		1,600,000	750,000	2,350,000

Compensation of directors

Directors receive per diems of fifteen thousand pesos (P15,000) for every Board meeting attended.

Employment contracts, termination of employment or change-in-control arrangements

Each director elected at the annual stockholders' meeting has a term of office of one (1) year and serves until his/her successor is elected and qualified. A director elected to fill in a vacancy arising in the Board shall only serve the unexpired portion of the term of his/her predecessor in office. Each executive officer has an employment contract with the company for an indefinite period.

The company has no termination of employment or change-in-control arrangements with its executive officers apart from those specified by labor and retirement laws.

Warrants and options outstanding

There are no outstanding warrants or options held by the company's directors and/or executive officers.

Item 11. Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners as of 31 December 2011

The following persons are known to the company to be directly or indirectly the record or beneficial owner of more than 5% of any class of the company's voting securities as of 31 December 2011:

<u>Title of Class</u>	<u>Name and Address of record/beneficial owner</u>	<u>Relationship with record owner</u>	<u>Citizenship</u>	<u>No. of shares Held</u>	<u>Percentage</u>
1) Common	PCD Nominee Corporation* G/F, Makati Stock Exch. Bldg. 6767 Ayala Ave., Makati City	Same as record owner	Filipino	1,557,703,023	58.6718%
1) Common	Blue Stock Dev't Holdings, Inc.** 28 N. Domingo St. New Manila, Quezon City	Same as record owner	Filipino	906,529,820***	34.1450%

*PCD Nominee Corp. is the central depository or lodging house of all securities brokers where scripless certificates are lodged. None of the broker or stockholder owns 5% or more shares of the company.

**The directors and stockholders of Blue Stock Development Farms, Inc. are as follows:

<u>NAME</u>	<u>Citizenship</u>	<u>No. of shares Held</u>	<u>Percentage</u>
1. Agri-Industrial Research Group, Inc.	Filipino	83,333,125	33.33%
2. Agri-Industrial Work Stations, Inc.	Filipino	83,333,125	33.33%
3. Agri-Industrial Concepts, Inc.	Filipino	83,333,125	33.33%
4. Manuel A. De Leon	Filipino	125	
5. Ma. Isabel B. Bejasa	Filipino	125	
6. Leonardo S. Gayao	Filipino	125	
7. Joaquin E. San Diego	Filipino	125	
8. Jose V. Romero Jr.	Filipino	125	

Leonardo S. Gayao exercises the right to vote the entire shareholdings in ABACUS of Blue Stock Development Holdings, Inc.

***Inclusive of additional 654,529,820 new shares

Security Ownership of Management

The Company's Directors ("D") and officers ("O") own the following number of voting shares:

<u>Title of Class</u>	<u>Name of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership*</u>	<u>Citizenship</u>	<u>Percentage</u>
Common	Ricardo Leong (D)	7,190,739	Filipino	0.27%
Common	Calixto Y. Laureano (D)	3,595,370	Filipino	0.14%
Common	Jose V. Romero Jr. (D/O)	2,360,010	Filipino	0.09%
Common	Martha R. Horrigan (D)	925,000	Filipino	0.03%
Common	Leonardo S. Gayao (D/O)	10	Filipino	<0.01%
Common	Manuel A. De Leon (D/O))	10	Filipino	<0.01%
Common	Willy N. Ocier (D)	10	Filipino	<0.01%
Common	William Y. Tieng	10	Filipino	<0.01%
Common	Gonzalo G. Puyat II (D)	10	Filipino	<0.01%
Common	Jose A. Syjuco, Jr. (D)	10	Filipino	<0.01%
Common	Jose L. Carlos Jr. (D/O)	10	Filipino	<0.01%
Common	Antonio Victoriano GregoriolIII(D)	10	Filipino	<0.01%
Common	Manuel R. Moje (D)	10	Filipino	<0.01%
Common	Arturo V. Magtibay (D)	10	Filipino	<0.01%

Common	Cindy B. Cayanan (D)	10	Filipino	<0.01%
NA	Joaquin E. San Diego (O)	0	Filipino	0.00%
NA	Rico G. De los Reyes (O)	0	Filipino	0.00%
	Directors and officers as a group	14,071,229*		0.53%

*All shares are directly held.

As of December 31, 2011, the aggregate number of shares owned by the company's directors and Chief Executive Officers as a group is 14,071,229 shares, or approximately 0.53% of the Company's outstanding capital stock. The above-named directors and officers have no indirect beneficial ownership, except Leonardo S. Gayao, who votes all the shareholdings of Blue Stock Development Holdings, Inc., owner of 34.1450% of ABACUS.

Voting Trust Holders of 5% or More

The Company is not aware of any person holding more than 5% of any class of the company's securities under a voting trust or similar agreement as of 31 December 2011.

Changes in Control

There were no arrangements resulting in a change in control of the company during the reporting period.

Item 12. Certain Relationships and Related Transactions

The company and its subsidiaries, in their regular conduct of business, engage in transactions with each other, particularly in the form of cash advances for the operational needs of subsidiaries. Inter-company advances also occur in the form of advances for purchases of real properties. These advances are either later on converted into equity or repaid.

There are no receivables among the directors, officers, employees and other related parties and principal stockholders amounting to more than ₱100,000 or 1% of total assets.

PART IV - CORPORATE GOVERNANCE

Item 13. Corporate Governance

The company's governance rules are embodied in its articles of incorporation, its corporate by-laws, and its Manual of Corporate Governance (the "Manual"). The Manual specifies the role of the Board and of the other governing bodies of the company and provides for compliance procedures. The Company fully complies with the provisions of the Manual. There were no deviations from the Manual during the reporting period.

The Board has constituted three principal governance committees: the Nomination Committee, the Compensation and Remuneration Committee, and the Audit Committee. There were no changes in the company's governance structures and practices during the reporting period.

The Corporate Secretary, in his role as Compliance Officer, coordinates with the Chairman and other members of the Board in monitoring and ensuring the compliance of the Board, officers and employees with the Manual.

The Company participated in the recent Corporate Governance Survey conducted by the Securities and Exchange Commission, the Philippine Stock Exchange and the Institute for Corporate Directors.

Disclosures submitted to the SEC and PSE, including corporate governance reports, can be accessed at the company's website, www.abacusconsolidated.com.

The company adopted a Revised Corporate Governance Manual in April 2010 and submitted a copy thereof to the SEC. In the revised manual the company incorporated the pertinent changes in the SEC's Revised Code of Corporate Governance (SEC Memorandum Circular 6-2009).

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits - see attached

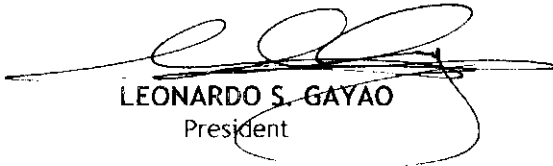
(b) Reports on SEC Form 17-C

<u>Date</u>	<u>Items Reported</u>
04 March 2011	Resignation of Clarita T. Zarraga from the Board and from the Audit Committee; election of Cindy B. Cayanan to take the place of Ms. Zarraga in both bodies for the unexpired term of Ms. Zarraga.
23 June 2011	Department of Energy (DOE) approval of conversion of Coal Operating Contract No. 148 of Abacus Coal Exploration and Development Corporation (ACEDC) from Exploration Phase to Production and Development Phase.
14 July 2011	Results of annual stockholders' meeting
08 November 2011	Execution of Memorandum of Agreement (MOA) with Lite Aviation Holdings Limited
22 December 2011	Results of Board of Directors' meeting
26 December 2011	Supplemental disclosure on results of December 22, 2011 Board of Directors' meeting.

SIGNATURES

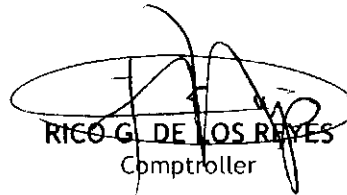
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Quezon City on APR 23 2012, 2012.

By:


LEONARDO S. GAYAO
President


JOAQUIN E. SAN DIEGO
Vice President-Legal &
Corporate Secretary


JOSE L. CARLOS
Treasurer


RICO G. DE LOS REYES
Comptroller

APR 23 2012
SUBSCRIBED AND SWORN to before me this ____ day of _____ 2012, affiants exhibiting to me their Competent Identification Documents, as follows:

NAMES	COMPETENT IDENTIFICATION	VALID UNTIL
LEONARDO S. GAYAO	Passport No. XX0449982	January 30, 2013
JOAQUIN E. SAN DIEGO	Passport No. EB4542487	January 25, 2017
JOSE L. CARLOS, JR.	Passport No. XX4279851	August 11, 2014
RICO G. DE LOS REYES	Driver's License No. N01-05-273964	July 10, 2013

Doc. No. 338 ;
Page No. 68 ;
Book No. 18-u ;
Series of 2012.

NOTARY PUBLIC
ATTY. JOEL G. GORDOLA
NOTARY PUBLIC
NOTARIAL COMMISSION NO. 066
COMMISSION EXPIRES DEC. 31, 2012
PTR NO. 6010756, 1/00/2012, Q.C.
IBP NO. 823224 DEC. 2, 2011, Q.C.
ROLL OF ATTORNEY NO. 25103

INDEX TO EXHIBITS

REPORT OF INDEPENDENT AUDITORS (ON CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES)

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

CONSOLIDATED STATEMENTS OF CASH FLOWS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AGING OF ACCOUNTS RECEIVABLE

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

- SCHEDULE I : Map showing the relationships between and among the companies in the Group, its ultimate parent company and subsidiaries
- SCHEDULE II : Schedule of all effective standards under Philippine Financial Reporting Standards
- SCHEDULE III : Supplementary Schedules of Financial Statements under SRC 68

SUPPLEMENTARY SCHEDULES

- C AMOUNTS RECEIVABLE FROM RELATED PARTIES, WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
- D INTANGIBLE ASSETS - OTHER ASSETS
- E LONG-TERM DEBT
- F INDEBTEDNESS TO RELATED PARTIES (LONG TERM LOANS FROM RELATED COMPANIES)
- H CAPITAL STOCK

COVER SHEET

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S.E.C. Registration Number

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A	N	D		H	O	L	D	I	N	G	S	,	I	N	C	.													
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A	N	D		S	U	B	S	I	D	I	A	R	I	E	S													
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(Company's Full Name)

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Q	U	E	Z	O	N		C	I	T	Y																		
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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

1	2
---	---

Month

3	1
---	---

Day

A	F	S	-	1	1
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FORM TYPE

0	7
---	---

Month

2nd Thurs.

Day

Annual Meeting

(PC) LISTED SECURITIES

Secondary License Type, If Applicable

C	F	D
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Dept. Requiring this Doc.

Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

LCU

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Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes



Consolidated Resources & Holdings, Inc.

No. 28 N. Domingo St., near corner Gilmore St., New Manila, Quezon City

Tel. Nos. 726-79-06, 725-78-75, 724-50-55; Fax No. 724-3290

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

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

The Board of Directors or Trustees reviews and approves the financial statements and submit the same to the stockholders or members.

Valdes Abad & Associates, the independent auditors, appointed by the stockholders has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.



JOSE V. ROMERO, JR.
Chairman of the Board



LEONARDO S. GAYAO
President



JOSE L. CARLOS, JR.
Treasurer

25 APR 2012

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2012. Affiant exhibited to me their identification documents, as follows:

NAMES	IDENTIFICATION DOCUMENT	PARTICULARS
JOSE V. ROMERO, JR.	Passport No. EB4701426	Valid Until 02.13.17
LEONARDO S. GAYAO	Passport No. XX0449982	Valid Until 01.30.13
JOSE L. CARLOS, JR.	Passport No. XX4279851	Valid Until 08.11.14

Doc. No. 158
Page No. 32
Book No. 19-0
Series of 2012.

ATTY. JOEL G. GORDOLA
NOTARY PUBLIC
NOTARIAL COMMISSION NO. 066
COMMISSION EXPIRES DEC. 31, 2012
PTR NO. 6010756, 1/03/2012, Q.C.
E&P NO. 823124 DEC. 2, 2011, Q.C.
ROLL OF ATTORNEY NO. 25103

Valdes Abad & Associates

(Formerly: Carlos J. Valdes & Associates)

certified public accountants

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Street, Legaspi Village,
Makati City,
Philippines

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Cebu and Davao

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E-mail: valdes.abad.associates@gmail.com

BOA/PRC Reg. No. 0314

SEC Accreditation No. 0024-FR-1



PARTNERING FOR SUCCESS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors

ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC.

No. 28 N. Domingo St.

New Manila, Quezon City

Report on the Financial Statements

We have audited the accompanying financial statements of **ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES** which comprise the statements of financial position as of December 31, 2011 and 2010, and the related statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES** as of December 31, 2011 and 2010 and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

Report on Other Regulatory Requirements

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements are the responsibility of the Group's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, as Amended (2011) and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements as a whole.

VALDES, ABAD & ASSOCIATES

For the firm:


FELICIDAD A. ABAD

Partner

CPA Certificate No. 0025184

TIN 123 - 048 - 248

PTR No. 3176696 - 01/03/2012

PRC - BOA Reg. No. 0314

SEC Accreditation No. 0138 - AR - 2

Issued on August 5, 2010

Valid until August 4, 2013

Makati City, Philippines

April 12, 2012

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in Philippine Peso)

ASSETS	<i>Notes</i>	December 31,	2010
		2011	
Current Assets			
Cash and cash equivalents	<i>4</i>	15,474,524	19,569,342
Trade and other receivables	<i>5</i>	499,874,284	1,184,416
Advances to related parties	<i>12</i>	138,944,035	129,597,624
Other assets		1,583,070	951,522
Total current assets		655,875,913	151,302,904
Non-current Assets			
Investment in associates	<i>6</i>	687,367,178	630,828,714
Investment properties	<i>8</i>	2,751,607,011	2,642,778,381
Property and equipment, net	<i>9</i>	16,283,493	18,257,472
Construction-in-progress	<i>10</i>	35,135,433	25,967,279
Deferred exploration costs and mining rights	<i>11</i>	301,134,360	301,566,020
Other non-current assets		2,628,959	476,748
Goodwill	<i>7</i>	348,831,159	348,831,159
Total non-current assets		4,142,987,593	3,968,705,773
TOTAL ASSETS		4,798,863,506	4,120,008,677
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	<i>13</i>	30,932,459	23,069,458
Current portion of loans payable	<i>14</i>	7,352,387	2,552,387
Advances from related parties		1,179,500	-
Advances from heads of agreement	<i>20</i>	30,000,000	30,000,000
Advances from joint venture	<i>22</i>	9,500,000	9,500,000
Income tax payable		948	6,085
Total current liabilities		78,965,294	65,127,930
Non-current Liabilities			
Non-current portion of loans payable	<i>14</i>	53,885,714	42,133,333
Deferred tax liability	<i>18</i>	663,425,503	631,744,791
Rental deposit payable	<i>21</i>	120,712	170,712
Total non-current liabilities		717,431,929.28	674,048,835.80
Total Liabilities		796,397,223	739,176,766
Equity			
Share capital	<i>15</i>	2,655,095,834	2,655,095,834
Subscription receivable		(294,226,763)	(296,082,544)
Shares held by subsidiaries		(173,041,700)	(160,851,242)
		2,187,827,371	2,198,162,048
Retained earnings		1,690,369,967	1,057,877,071
		3,878,197,338	3,256,039,119
Treasury shares	<i>15</i>	(150,790)	(1,150,790)
Minority Interest		124,419,735	125,943,582
Total Equity		4,002,466,283	3,380,831,911
TOTAL LIABILITIES AND EQUITY		4,798,863,506	4,120,008,677
Book value per share		1.51	1.27

See Notes to Financial Statements

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in Philippine Peso)

For the Years Ended December 31,		2011	2010	2009
Income				
Share in net earnings of associates	6	73,324,121	82,015,198	51,389,136
Gain on transfer of mining rights	11	497,068,340	8,740,040	-
Gain on sale of investment in associates	6	-	4,018,921	29,011
Rental income	8	565,327	514,998	622,609
Interest income		107,515	109,565	1,160,142
Unrealized foreign exchange gain (loss)		2	129,282	(490,488)
		571,065,304	95,528,003	52,710,410
Expenses				
Professional and other services		5,219,129	5,173,410	5,176,979
Compensation and benefits	16	4,547,491	5,839,416	16,447,200
Taxes and licenses	16	2,941,054	7,033,355	5,832,023
Management and directors' fees	16	2,823,530	3,300,000	2,182,353
Depreciation	9	1,977,759	1,893,644	411,325
Transportation		1,670,857	1,004,304	1,691,397
Representation		864,779	863,616	1,549,919
Utilities		574,235	665,697	599,169
Retirement benefits		563,401		
Repairs and maintenance	8	535,306	175,472	213,616
Office supplies and publications		301,231	337,919	1,129,398
Rent	21	258,156	258,156	258,156
Insurance		25,536	101,211	3,172
Miscellaneous	16	2,442,539	1,695,145	1,616,963
		24,745,003	28,341,343	37,111,670
Income from Operations		546,320,301	67,186,660	15,598,740
Other Income (Loss)				
Gain on revaluation, net	8	100,154,830	443,258,608	645,109,143
Trading gain (loss)		(7,922)	(139,805)	-
Other income		1,229,157	852,248	464,179
		101,376,065	443,971,051	645,573,322
Finance Costs				
Interest expense	14	6,101,421	8,623,467	4,918,647
Bank charges		25,183	20,929	1,673,179
		6,126,604	8,644,396	6,591,826
Income before Tax		641,569,762	502,513,315	654,580,236
Provision for (benefit from) Income Tax				
Current	18	16,354	23,229	33,989
Deferred	18	29,920,456	232,667,489	189,589,212
		29,936,810	232,690,718	189,623,201
Net Income		611,632,952	269,822,597	464,957,035
Attributable to:				
Equity holders of the Parent Company		612,469,119	263,608,504	437,806,707
Minority interest		(836,166)	6,214,093	27,150,328
		611,632,953	269,822,597	464,957,035
Basic Earnings per Share	19	0.28065	0.12097	0.26667

See notes to Financial Statements

ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC.
and SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in Philippine Peso)

	Attributable to the Equity Holders of the Parent Company					Minority Interest	Total
	Share Capital (Note 15)	Shares Held by Subsidiaries	Treasury Shares (Note 15)	Revaluation Surplus	Retained Earnings (Deficit)		
Balances at January 1, 2009	1,704,483,470	(156,718,906)	(5,865,000)	-	473,164,535	110,113,495	2,125,177,594
Additional subscription by subsidiaries	654,529,820	-	-	-	-	-	654,529,820
Shares disposed by subsidiaries	-	41,798,198	-	-	-	-	41,798,198
Derecognition of revaluation gain	-	-	-	-	(463,651,400)	-	(463,651,400)
Effect of change in ownership structure	-	-	-	-	(84,387,895)	7,563,754	(76,824,142)
Re-issuance of treasury shares	-	-	4,714,210	-	-	-	4,714,210
Net income for the year	-	-	-	-	437,806,708	27,150,329	464,957,036
Balances at December 31, 2009	2,359,013,290	(114,920,708)	(1,150,790)	-	751,459,338	117,883,385	3,112,284,515
Shares acquired by subsidiaries	-	(45,930,534)	-	-	-	-	(45,930,534)
Effect of change in ownership structure	-	-	-	-	(3,562,159)	1,846,105	(1,716,054)
Prior period adjustment	-	-	-	-	46,371,387	-	46,371,387
Net income for the year	-	-	-	-	263,608,505	6,214,093	269,822,597
Balance at December 31, 2010	2,359,013,290	(160,851,242)	(1,150,790)	-	1,057,877,071	125,943,582	3,380,831,911
Collection from subscription receivable	1,855,781	-	-	-	-	-	1,855,781
Shares acquired by subsidiaries	-	(12,190,458)	-	-	-	-	(12,190,458)
Effect of change in ownership structure	-	-	-	-	20,123,777	(687,680)	19,436,097
Re-issuance of treasury shares	-	-	1,000,000	-	(100,000)	-	900,000
Net income for the year	-	-	-	-	612,469,119	(836,166)	611,632,953
Balance at December 31, 2011	2,360,869,071	(173,041,700)	(150,790)	-	1,690,369,967	124,419,735	4,002,466,283

ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC.
and SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in Philippine Peso)

	<i>Notes</i>	2011	2010	2009
Cash Flows from Operating Activities				
Income before tax		641,569,762	502,575,311	654,580,237
Adjustments for:				
Prior period adjustment		-	46,371,387	-
Gain on revaluation of investment property	8	(100,154,830)	(443,258,608)	(645,109,143)
Share in net earnings of an associate		(73,324,121)	(82,077,193)	(51,389,136)
Finance cost		(6,101,421)	8,623,467	4,918,647
Depreciation	9	1,977,759	1,893,644	411,325
Gain on disposal of investment in an associate		-	(4,018,921)	(29,011)
Gain on transfer of mining rights	11,24	(497,068,340)	(8,740,040)	-
Interest income		(107,515)	(109,565)	(1,160,142)
Unrealized foreign exchange gain (loss)	4	(2)	(129,282)	(490,488)
Operating loss before working capital changes		(33,208,707)	21,130,199	(38,267,711)
Decrease (increase) in:				
Trade and other receivables	5	(498,689,868.31)	11,033,177	1,743,167
Advances to related parties	12	(9,346,411)	1,702,858	(21,501,847)
Other assets		(646,954)	342,855	(272,189)
Increase (decrease) in:				
Accounts payable and accrued expenses	13	7,863,001	1,428,963	(440,216)
Advances from related party		1,179,500		
Advances from heads of agreement	20	-	-	15,000,000
Rental deposit payable	21	(50,000)	50,000	-
Cash provided by (used in) operations		(532,899,440)	35,688,052	(43,738,796)
Interest received		107,515	109,565	1,160,142
Interest paid		6,101,421	(8,623,467)	(4,918,647)
Income tax paid		(6,085)	(31,318)	(36,485)
Net cash from (used in) operating activities		(526,696,589)	27,142,833	(47,533,786)
Cash Flows from Investing Activities				
Construction-in-progress	10	(9,168,154)	(908,879)	(13,343,899)
Disposal (acquisition) of shares held by subsidiaries		(12,190,458)	(45,930,534)	41,798,198
Proceeds from disposal of an associate		-	39,129,891	-
Proceeds from sale of mining rights	11	497,500,000		-
Proceeds/(Acquisition)/Adjustment of investment property, net	8	(8,673,800)	128,023,607	-
Dividend income from investment in associate	6	16,785,657		
Acquisition of property and equipment	9	(3,780)	(3,019,510)	(16,427,200)
Acquisition of other non-current assets		(2,152,211)	(476,749)	-
Disbursements on goodwill	7	-	53,110,373	-
Deferred tax liability/asset	8,18	1,760,256	(164,541,955)	-
Net cash from (used in) investing activities		483,857,510	5,386,243	12,027,099
Cash Flows from Financing Activities				
Changes in advances from related parties	12	-	-	87,294
Proceeds from loan	14	22,800,000	-	67,400,000
Proceeds from issuance of treasury shares	15	900,000	-	-
Proceeds from subscription receivable		1,855,781	-	-
Payment of loan	14	(6,247,619)	(25,404,068)	(38,652,613)
Net cash from (used in) financing activities		19,308,162	(27,120,123)	28,834,681
Effect of Changes in Foreign Exchange Rates		2	129,282	490,488
Net Increase (Decrease) in Cash and Cash Equivalents		(23,530,915)	5,538,235	(6,181,518)
Effect of Change in Ownership Structure		19,436,097	(1,716,055)	(27,797,029)
Cash and Cash Equivalents, January 1		19,569,342	14,031,107	48,009,654
Cash and Cash Equivalents, December 31		15,474,524	19,569,342	14,031,107

See notes to Financial Statements

ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC.
and SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 1 – CORPORATE INFORMATION

Abacus Consolidated Resources and Holdings, Inc. (the Parent company), is a publicly listed corporation registered with the Philippine Securities and Exchange Commission (SEC) on May 5, 1981. Its primary purpose is to purchase, subscribe for, or otherwise acquire, own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or dispose of real and/or personal properties of every kind and description, including shares of stocks, voting trust certificates for shares of capital stocks and other securities, contracts, or obligations of any corporation or association, domestic or foreign, and to pay therefore, in whole or in part, in cash or in property or by exchanging stocks or bonds of other corporation. Its secondary purpose is to engage in the exploration and exploitation of ore and other mineral resources in the Philippines.

Its registered address is located at No. 28 N. Domingo Street, New Manila, Quezon City.

The Parent company's shares are traded in the Philippine Stock Exchange (PSE). It owns majority stockholdings in five subsidiaries that are in the business of exploration, investment and real estate.

The details of the Parent company's ownership in its direct subsidiaries are as follows:

Name of Subsidiaries	Principal Activities	Controlling Interest (%)	
		2011	2010
Philippine Regional Investment Development Corporation (PRIDE)	Investment House	97.48	97.48
Kapuluan Properties, Inc. (KPI)	Real Estate	100	100
Vantage Realty Corporation (VRC)	Real Estate	100	100
Abacus Coal Exploration and Development Corporation (AbaCoal)	Coal Exploration	100	100

The Consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on April 12, 2012.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Listed below are Accounting Standards and Interpretations under PFRS effective as of balance sheet date:

PAS 1 (Revised)	Presentation of Financial Statements	Adopted
PAS 2	Inventories	Adopted
PAS 7	Cash Flow Statements	Adopted
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Adopted
PAS 10	Events after the Balance Sheet Date	Adopted
PAS 11	Construction Contracts	Adopted
PAS 12	Income Taxes	Adopted
PAS 14	Segment Reporting	Adopted
PAS 16	Property, Plant and Equipment	Adopted
PAS 17	Leases	Adopted
PAS 18	Revenue	Adopted
PAS 19 (amended)	Employee Benefits	Adopted
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Not applicable
PAS 21	Net Investment in Foreign Operation	Not applicable
PAS 23 (revised)	Borrowing Costs	Adopted
PAS 24 (revised)	Related Party Disclosures	Adopted
PAS 26	Accounting and Reporting by Retirement Benefit Plans	Not Adopted (Note 17)
PAS 27 (amended)	Separate Financial Statements	Adopted
PAS 28 (amended)	Investment in Associates and Joint Venture	Adopted
PAS 29	Financial Reporting in Hyperinflationary Economies	Not applicable
PAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions	Not applicable
PAS 31	Interests in Joint Ventures	Adopted
PAS 32	Financial Instruments	Adopted
PAS 33	Earnings per Share	Adopted
PAS 34	Interim Financial Reporting	Not adopted
PAS 36	Impairment of Assets	Adopted
PAS 37	Provisions Contingent Liabilities and Contingent Assets	Adopted
PAS 38	Intangible Assets	Adopted
PAS 39	Financial Instruments- Recognition and measurement	Adopted
PAS 40	Investment Property	Adopted
PAS 41	Agriculture	Not applicable
PFRS 1	First time adoption of PFRS	Adopted
PFRS 2	Share-based payment	Adopted
PFRS 3	Business Combinations	Adopted
PFRS 4	Insurance Contracts	Adopted
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	Adopted
PFRS 6	Exploration for and Evaluation of Mineral Resources	Adopted
PFRS 7	Financial Instruments: Disclosures	Adopted
PFRS 8	Operating Segments	Adopted
PFRS 9	Financial Instruments-Recognition and Measurement	Adopted

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The significant accounting policies that have been used in the preparation of these financial statements are summarized below.

2.1 Basis of Preparation of Financial Statements

2.1.1 Statement of Compliance

The financial statements of the Parent Company have been prepared in accordance with PFRS. PFRSs are adopted by the Financial Reporting Standards Council (FRSC), formerly the Accounting Standards Council, from the pronouncements issued by the International Accounting Standards Board (IASB).

- (a) PFRSs – corresponding to International Financial Reporting Standards;
- (b) Philippine Accounting Standards (PASs) – corresponding to International Accounting Standards; and
- (c) Interpretations to existing standards – representing interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee, of the IASB which are adopted by the FRSC.

The Group financial statements have been prepared under the cost convention as modified by the revaluation of financial assets at fair value through profit and loss and investment properties being held by the Company.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires the management to exercise judgments in the process of applying accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in Note 3.

2.1.2 Basis for measurement

The Group's consolidated financial statements have been prepared based on historical cost as modified by certain investment property which has been measured at their appraised values and investments in associates which have been measured using equity method.

2.1.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as of December 31, 2011 and 2010. The financial statements of the subsidiaries are prepared for the same reporting year as the Group, using consistent accounting policies. The consolidated financial statements present the financial performance and financial position of the Group and its subsidiaries as if they form a single entity. Inter-company transactions and balances between companies within the Group are eliminated in full in preparing the consolidated financial statements.

The subsidiaries are entities over which the Parent company exercises significant control or over which the Parent company has the power, either directly or indirectly, to govern the financial and operating policies generally accompanying shareholdings of more than 50% of the voting rights. The Parent company obtains and exercises control through voting rights.

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.

All intra-group balances, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intra-company transactions that are recognized in assets are eliminated in full.

At acquisition date, the assets and liabilities of the relevant subsidiaries acquired are measured at their fair values. The interest of minority shareholders is stated at the minority's proportional share to the fair values of the assets and liabilities recognized.

The results of operations of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate.

The Parent company's direct and indirect subsidiaries are as follows:

Name of Subsidiaries	Principal Activities	Effective Percentage of Controlling Interest	
		2011	2010
<i>Subsidiaries of Abacus Consolidated Resources and Holdings, Inc.</i>			
Philippine Regional Investment Development Corporation (PRIDE)	Investment house	97.48	97.48
Kapuluan Properties, Inc. (KPI)	Real estate	100.00	100.00
Vantage Realty Corporation (VRC)	Real estate	100.00	100.00
Abacus Coal Exploration and Development Corporation (AbaCoal)	Coal exploration	100.00	100.00
<i>Subsidiaries of PRIDE:</i>			
Tagapo Realty Company, Inc. (TRC)	Real Estate	96.40	96.40
Omnicor Industrial Estate (Omnicor)	Real Estate	96.40	96.40
Countrywide Transcapital Development Holdings, Inc. (CTDHI)	Holdings	60.10	60.10
Philippine International Infrastructure Fund, Inc. (PIIFI)	Investment Company	100.00	100.00
Total Mall Philippines, Inc.	Wholesaler/ retailer	96.40	96.40
<i>Subsidiaries of TRC:</i>			
Ala-eh Knit, Inc.	Real Estate	96.40	96.40
Assurance Realty Corporation	Real Estate	96.40	96.40
Countrywide Leverage Holdings Corporation	Holdings	96.40	96.40
In-town Wholesale Marketing, Inc.	Wholesaler / retailer	96.40	96.40
System Organization, Inc.	Real Estate	96.40	96.40
<i>Subsidiaries of Omnicor:</i>			
Montemayor Aggregates and Mining Corporation (MAMCor)	Mining and Exploration	96.40	96.40

Adroit Realty Corporation	Real estate	96.40	96.40
Allegiance Realty Corporation	Real estate	96.40	96.40
Asean Publishers, Inc.	Publisher	96.40	96.40
Export Affiliates for Service and Trade, Inc.	Importer / exporter	96.40	96.40
Fair Field Realty Estate Company, Inc.	Real estate	96.40	96.40
Geyser, Incorporated	Real estate	-	-
Logic Realty Corporation	Real estate	96.40	96.40
Sanctuary Transcendental Havens, Inc.	Non-stock corporation	100.00	100.00
Three Fold Realty Corporation	Real estate	96.40	96.40
Aerosonic Land, Inc.	Real estate	100.00	100.00
International Pilgrimage Shrine at Montemaria, Inc.	Non-stock corporation	100.00	100.00
<i>Subsidiaries of MAMCor:</i>			
Asean Traders and Exporters, Inc.	Importer / exporter	96.40	96.40
Batangas Stock Development Holdings, Inc. (BSDHI)	Real estate	96.40	96.40
Channel Minerals and Exploration and Development Corporation	Mining and Exploration	96.40	96.40
<i>Subsidiaries of BSDHI:</i>			
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
<i>Subsidiaries of KPI:</i>			
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	99.96	99.96
Focus Real Estate Corporation	Real Estate	99.99	99.99
GMTM Management Company, Inc.	Management Parent Company	99.99	99.99
Hedge Tropical Farmlands, Inc.	Real Estate	99.96	99.96
Hewdon Land, Inc.	Real Estate	99.96	99.96
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 (QCC)	Real Estate	99.99	99.99
Quilib Pasture Estates, Inc.	Real Estate	99.96	99.96
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	99.96	99.96

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 Agency	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

A brief summary of the direct subsidiaries' nature of business and operations are as follows:

Philippine Regional Investment Development Corporation (PRIDE)

PRIDE is a domestic corporation which was registered with the SEC on September 26, 1979 as Manila Equities Corporation. It served as a stock brokerage firm for the first four years until the SEC granted PRIDE on March 2, 1983 a license to operate as an investment house. The license was confirmed by the then Central Bank of the Philippines, which is now known as Bangko Sentral ng Pilipinas. On July 26, 1995, it changed its name to Philippine Regional Investment Development Corporation. Presently, it has no quasi-banking license.

PRIDE is an institution by and through which comprehensive financial products and service lines shall be offered and provided to clients, either through its own operations or through affiliations, conformably with the provisions of existing laws. Its registered address is located at No. 28 N. Domingo Street, New Manila, Quezon City.

PRIDE was acquired by the Parent Company on January 18, 2006 from BSDHI in exchange for the Parent Company's share capital.

In 2009, PRIDE issued additional 1,500,000 shares amounting to P150 million. The Parent Company exercised its pre-emptive rights and subscribed to all the additional shares by partial payment, through offsetting of its advances to PRIDE which amounted to P64,352,238. The remaining balance of P85,647,762 is recorded as subscription payable.

PRIDE also declared its P50 million worth of shares as stock dividends to its shareholders in October 2009 out of which the Parent Company received 481,978 additional shares.

Kapuluan Properties, Inc. (KPI)

KPI is a domestic corporation registered with the SEC on April 8, 1996. Its primary purpose is to engage in the purchase, subdivision, sale, leasing and holding for capital appreciation real estate together with their appurtenances.

KPI was acquired by the Parent Company from BSDHI in December 2009 through a share-for-share swap. BSDHI assigned the entire outstanding share capital of KPI in favor of the Parent Company in exchange for its new shares amounting to P359,660,803.

Its registered address is located at 2F SEDDCO I Building, Rada St., Legaspi Village, Makati City.

Vantage Realty Corporation (VRC)

VRC is a domestic corporation registered with the SEC on October 10, 1996. Its primary purpose is to engage in the purchase, subdivision, sale, leasing and holding for capital appreciation real estate together with their appurtenances.

VRC was acquired by the Parent Company from BSDHI in December 2009 through a share-for-share swap. BSDHI assigned the entire outstanding share capital of VRC in favor of the Parent Company in exchange for its new shares amounting to P294,869,017.

Its registered address is located at 2F SEDDCO I Building, Rada St., Legaspi Village, Makati City.

Abacus Coal Exploration and Development Corporation (AbaCoal)

AbaCoal is a domestic corporation registered with the SEC on November 9, 2007. Its primary purpose is to engage in the exploration, exploitation, operation, production and development of coal and its derivative products in the Philippines.

Its registered office address is located at No. 28 N. Domingo Street, New Manila, Quezon City.

In 2008, the Parent Company transferred its Coal Operating Contract (COC) with the Department of Energy to AbaCoal in exchange for shares amounting to P3,047,512.

On April 12, 2011, the Department of Energy approved the conversion of COC No. 148 from Exploration Phase to Development and Production Phase. As of the audit period, Abacus Coal is completing the post-approval requirements prior to actual operation, namely, the Environmental Compliance Certificate (ECC) and the Clearance from the National Commission on Indigenous Peoples (NCIP). It is expected to start operation in the middle or latter part of 2012.

The Parent Company also entered into a Heads of Agreement with Lodestar Investment Holdings Corporation (Lodestar) and Music Semiconductors Corporation (Music) to transfer its outstanding shares in AbaCoal including its interest in a coal property located in Tandag, Surigao del Sur.

This Agreement was amended in 2009 whereby Music assigned its right to acquire 55% participation and equity interest in AbaCoal to Lodestar. The purchase price is in the form of exchange of shares whereby 225 million shares of AbaCoal at par value of P1.00 per share are swapped with 25 million shares of Lodestar valued at P9 per share or a total value of P225 million. As a consequence of this exchange of shares, Lodestar shall gain control of 75% of the over-all outstanding share capital of AbaCoal.

However, as of report date, the transfer of ownership of the shares between the two parties has not yet been completed.

Accounting for business combination

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.

Minority interest

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Parent company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed on any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect to those interests, that meet the definition of a financial liability. Minority interests are presented in the consolidated statements of financial position within equity, separately from equity attributable to the equity shareholders of the Parent company. Minority interests in the results of the Group are presented on the face of the consolidated statements of comprehensive income as an allocation of the net income for the year between minority interests and the equity shareholders of the Parent company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, all such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered in full.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

2.2 Foreign currency translation

a. Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Philippine Peso, which is the Company's functional and presentation currency. All values are rounded to the nearest peso except when otherwise indicated.

b. Transactions and balances

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximates those prevailing on transactions dates.

Foreign currency gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates or monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

2.3 New standards, amendments to existing standards

The following new and revised standards, interpretations and improvements/amendments to existing standards are mandatory for financial year beginning January 1, 2011 except when otherwise indicated.

- *PAS 12 (Amendment) Income taxes (effective date from January 1, 2012)*. PAS 12 requires an entity to measure deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model. The amendment provides a practical solution to the problem by introducing a presumption that recovery of the carrying amount will normally be through sale.
- *PAS 19 (Amendment), Employee benefits (effective from January 1, 2013)*. The amendment requires recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements. It also modifies accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits.
- *PAS 24 (Amendment), Related Party Disclosures (effective January 1, 2011)*. It simplifies disclosure requirements for the government-related entities.
 - *PAS 34 (Amendment), Interim Financial Reporting (effective January 1, 2011)* It provides guidance regarding disclosure requirements. When an event or transaction is significant to an understanding of the changes in an entity's financial position or performance since the last annual reporting period, its interim financial report should provide an explanation of and update to the relevant information included in the financial statements of the last annual reporting period.
 - *PFRS 9 Financial Instruments: Recognition and Measurement (effective from January 1, 2013)*. PAS 39, Financial instruments: Recognition and Measurement, will be replaced by PFRS 9 in its entirety which is being issued in phases. The main phases are (with a separate project dealing with derecognition):
 - Phase 1 : Classification and Measurement
 - Phase 2 : Impairment Methodology
 - Phase 3 : Hedge Accounting

To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning January 1, 2013. Other chapters dealing with impairment methodology and hedge accounting are still being finalized.

The Management is yet to assess the impact that this amendment is likely to have on the financial statements of the Company. However, it does not expect to implement the amendments until all chapters of PFRS 9 have been published, at which time the Company expects that it can comprehensively assess the impact of the revised standards.

2.4 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.

Initial Recognition

Financial assets and liabilities are recognized in the statements of financial position when the Company becomes a party to the contractual provisions of the financial instruments. In case of regular way purchase or sale of financial assets, recognition is done at trade date which is the date on which the Company commits to purchase or sell the asset. Financial instruments are recognized initially at fair value plus transaction cost except for those designated at fair value through profit or loss (FVPL).

2.4.1 Financial Assets

2.4.1.1 Classification

The Group allocates financial assets to the following categories: financial assets at fair value through profit or loss; loans receivable; held-to-maturity investments and available-for-sale financial assets. Management determines the classification of its financial instruments at initial recognition.

- *Financial assets at fair value through profit or loss*
This includes financial assets classified as held for trading purposes and those classified by the Company, at initial recognition, to be carried at fair value through profit or loss. Derivatives are included in this category, unless they fall under hedging instruments.

These assets are to be realized within 12 months from the end of the reporting period. Assets in this category are classified as current assets.

Loans and receivables

These assets 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. Loans and receivables are considered current assets unless their maturities are more than 12 months after the reporting period; therefore, they are classified as non-current assets.

The Group's trade and other receivables and advances to related parties are included in this category (*see Notes 5 and 12*).

- *Held-to-maturity investments*
This asset includes non-derivative financial assets with fixed or determinable payments and a fixed maturity date, where the Company has the positive ability to hold it to maturity and has the intention to do so. When the Company sells any amount, significant or not, which results to the whole category to be tainted and reclassified as available-for-

sale. Such assets are classified under non-current assets unless the maturity falls within 12 months from the reporting period, where it would be classified under current assets.

Subsequently, such assets are recognized at their amortized amount using the effective interest method, less any impairment loss. The impairment loss is the difference between the carrying amount and the present value of estimated cash flows of the assets.

- *Available-for-sale financial assets*

This includes non-derivative financial assets that do not qualify in any classifications or designated specifically as such. Such assets are classified under non-current assets unless the maturity falls within 12 months from the reporting period, where it would be classified under current assets.

2.4.1.2 Recognition and Measurement

- a) *Initial measurement*

Regular purchase and sales of investment are recognized on trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction cost for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statements of comprehensive income.

- *Subsequent measurement*

Financial assets at fair value through profit or loss and available for-sale financial assets are carried at fair value. Gains or losses arising from the change in the fair value are recognized in profit or loss in the statement of comprehensive income.

Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method. The changes in value of available for-sale financial assets are recognized in other comprehensive income.

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.

2.4.2 Financial Liabilities

- *Other Financial Liabilities*

This classification pertains to financial liabilities that are not held for trading or not designated as at 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, advances from related parties, deposit for the sale of investment in AbaCoal, advances from joint venture, loans payable and rental deposit payable are classified under this category (see Note 12, 13, 14, 21 and 23).

2.4.3 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.

2.5 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.

2.6 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.

2.7 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.

2.8 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.

2.9 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.

2.10 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:

Category	Estimated useful life in years
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.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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 a 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 a straight-line basis over the lease term.

2.18 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.

2.19 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.

2.20 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.

2.21 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.

2.22 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.

2.23 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.

2.24 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.

NOTE 3 – SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES
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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.

3.1 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.

3.2 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. The carrying value of property and equipment, net of accumulated depreciation is presented in (see Note 9).

Determining the fair value of investment properties

The Group used to have its investment properties valued by an independent appraiser to reflect the market conditions of such at the reporting date. Such fair values were determined based on recent prices of similar properties, with adjustments, to reflect any changes in economic condition since the date of those transactions.

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 financial and non-financial assets

The Group assesses at each financial reporting date whether there is an indication that the carrying amount of all financial and 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.

NOTE 4 – CASH AND CASH EQUIVALENTS

The details of the account are as follows:

	2011	2010
Cash in banks	₱ 15,445,024	₱ 19,539,842
Cash on hand	29,500	29,500
Total	₱ 15,474,524	₱ 19,569,342

Cash in banks includes current and savings accounts which generally earn interest at the prevailing bank deposit rates.

The details of the foreign-currency denominated deposits are presented below:

	2011	2010
Cash in bank	U 3,453	U 3,445

The peso equivalent of the U.S. dollar is presented below.

	2011	2010
Cash in bank	₱ 151,372	₱ 151,019

NOTE 5 – TRADE AND OTHER RECEIVABLES

The details of the account are as follows:

	2011	2010
Accounts receivable- Goldmines	4	-
Accounts receivable- Blue Stock	1	-
Trade	P 2	P 5
Advances to officers and employees	2	2
Others	347,548	373,605
	P 499,874,284	P 1,184,416

Accounts receivable from AbaGoldmines 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 of shares of stocks executed on December 31, 2011 with supplemental Deed of Assignment executed on February 17, 2012. By virtue of said assignment, the Company gained control of AbaGoldmines in accordance with Section 40(C)(2) of the National Internal Revenue Code.

Other receivables pertain mainly to funds advanced to third parties for the purchase of shares of stock of the Parent Company for their account.

Accounts receivable from Blue Stock Development Holdings Inc. was due to the assignment of shares which was held on December 20, 2011. (See Note 6)

The face value of the receivables approximates its fair value. Further, no allowance for bad debts was recognized after careful evaluation by the Group's management.

NOTE 6 – INVESTMENTS IN ASSOCIATES

This pertains to the investments in Pacific Online Systems Corporation (POSC) and Abacus Global Technovisions, Inc. (AbaGT) and Pride Star Development Bank, Inc. (PSDBI), which are accounted for using the cost method. The details of the Parent company's ownership in its associates are as follows:

		Percentage of Ownership			
		2011		2010	
Principal Activities		Direct	Indirect	Direct	Indirect
POSC	Gaming	-	18.83%	18.97%	0.03%
AbaGT	Holding	9.64%	3.59%	9.64%	3.59%
PSDBI	Banking	-	40.00%	-	40.00%
AbaGoldmines	Gold Mining	40%		100%	

On December 20, 2011, Abacus Consolidated Resources & Holdings, Inc.(ACHRI) assigned 5,999,993 shares of Abacus Goldmines Exploration and Development Corporation in favor of Blue Stock Development Holdings Inc. The assigned shares were paid in the amount of ₱ 1,499,996. Consequently, the company recognized receivables from Blue Stock Development Holdings, Inc (*See Note 5*). The assignment decreased the ownership percentage of ACHRI from 100% to 40%.

POSC is registered with the SEC and is engaged in the development, design and management of online computer systems, terminals and software for the gaming industry. POSC's shares are traded in the PSE. Its registered office address is located at the 22nd Floor, West Tower, Philippine Stock Exchange Centre, Ortigas Center, Pasig City.

The fair value of POSC's shares as of December 31, 2011 and 2010 are ₱18.58 and ₱ 16.04 per share, respectively.

AbaGT is registered with the SEC on June 21, 1993 and is a majority-owned subsidiary of BSDHI. In July 2009, AbaGT amended its primary purpose, to purchase, subscribe for, or otherwise acquire, own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or dispose of real and/or personal properties of every kind and description, including shares of stock, voting trust certificates for shares of capital stock and other securities, contracts, or obligations of any corporation or association, domestic or foreign, and to pay therefore, in whole or in part, in cash or in property or by exchanging stocks, bonds of other corporation and in general, to do every act and thing covered by the denomination "holding company" without engaging as stockbroker, dealer in securities or investment company. Its registered business address is located at 28 N. Domingo St. New Manila, Quezon City.

AbaGT has 100% shareholdings in two subsidiaries: Simlong Realty Corporation (SRC) and Better Resources, Inc. (BRI).

In January 2008, the Parent company's investment in AbaGT amounting to P199,470,100 was declared by the BOD as property dividends to shareholders of record as of March 11, 2008. This reduced its ownership in AbaGT from 66.67% to 9.64%. Thus, the investment had been accounted for as investment in associate starting 2008.

On December 22, 2009, the Board resolved to amend AbaGT's primary purpose (Article Two of the Articles of Incorporation) from holding company to owning, developing, operating and managing hotels, condotels and other establishments that provide lodging, food, refreshments and allied services to tourists, travelers and other transients and to include real estate as one of its secondary purposes.

It was also resolved, subject to the approval of the stockholders and the SEC, to approve the merger with Alpha Hotel and Batangan Plaza, Inc. (BPI) with AbaGT as the surviving entity. The merger was approved by the SEC on May 27, 2010. AbaGT is also currently in the process of listing its shares in the PSE.

PSDBI is a corporation organized and domiciled in the Philippines and has started operations on August 29, 1956. On January 21, 2006, the term of existence of the corporation was extended for another fifty (50) years from and after the date of expiry on March 2, 2006.

PSDBI is registered with SEC and Bangko Sentral ng Pilipinas primarily to engage in accumulating deposits and extending rural credits to small farmers and tenants and deserving rural industries or enterprises.

In 2008, PRIDE's investment in PSDBI's shares was diluted to 40% due to lesser amount of subscription in PSDB's additional authorized share capital of ₱ 90,000,000 from ₱ 10,000,000 to ₱ 100,000,000 or from 100,000 shares to 1,000,000 shares at ₱ 10 par value per share.

In 2009, PSDBI was converted from a rural bank into a private development bank to upgrade its purpose of giving further services in the countryside and economic development in the province of Batangas.

The movements in investments in associates are as follows:

	2011	2010
Acquisition cost:		
Balance, January 1	₱ 530,195,552	₱ 537,994,990
Acquisitions during the year	1,000,004	-
Disposals during the year	-	(7,799,438)
Balance, December 31	531,195,556	530,195,552
Accumulated equity in net earnings:		
Balance, January 1	100,633,162	45,929,497
Equity in net earnings, net	73,324,121	82,015,198
Dividends received	(17,785,661)	(27,311,534)
Balance, December 31	156,171,622	100,633,162
	₱ 687,367,178	₱ 630,828,714

The summary of the Group's share in net earnings and losses in POSC, PSDBI and AbaGT are as follows:

	2011	2010
Share in net earnings – POSC	₱ 70,292,142	₱ 81,543,308
Share in net earnings – PSDB	1,222,005	1,156,202
Share in net losses – AbaGT	1,809,974	(684,312)
	₱ 73,324,121	₱ 82,015,198

NOTE 7 – GOODWILL

The details of the account as of December 31 are as follows:

	2011	2010
Balance, January 1	₱ 401,941,532	₱ 401,941,532
Acquisition of KPI	(10,026,875)	(10,026,875)
Acquisition of VRC	(43,083,498)	(43,083,498)
	₱ 348,831,159	₱ 348,831,159

NOTE 8 – INVESTMENT PROPERTIES

The details of the account as of December 31 are as follows:

	2011	2010
Balance, January 1	₱ 2,642,778,381	₱ 2,318,803,340
Net gains from fair value adjustments	100,154,830	443,258,608
Adjustments	8,673,800	(119,283,567)
Balance, December 31	₱ 2,751,607,011	₱ 2,642,778,381

The total cost and fair value of investment property as of December 31 are as follows:

	2011	2010
Investment property, at cost	₱ 428,109,634	₱ 428,109,634
Accumulated net gains from fair value		
Adjustments	2,323,497,377	2,214,668,747
Investment property, at fair value	₱ 2,751,607,011	₱ 2,642,778,381

The fair values of the investment property were determined by independent, certified professional firms of appraisers and were arrived at based on sales and listings of comparable properties registered within the immediate vicinity of the properties.

Corresponding deferred tax liability of ₱ 663,425,503 and ₱ 631,744,791 as of December 31, 2011 and 2010, respectively, had been recognized on the revaluation increment on investment property.

The extent to which the fair value of the investment property is based on the valuation by an independent appraiser is ₱ 2,751,607,011 and ₱ 2,642,778,381 as of December 31, 2011 and 2010, respectively.

Rental income from lease of investment property recognized in the consolidated statements of comprehensive income amounted to ₱ 565,327, ₱ 514,998 and ₱ 622,609 for the years ended December 31, 2011, 2010 and 2009, respectively.

NOTE 9 – PROPERTY AND EQUIPMENT

The details of property and equipment are as follows:

December 31, 2011				
	Land	Building and Improvements	Machinery and other Equipment	Total
Cost				
January 1	₱ 293,541	₱ 7,228,000	₱ 21,960,637	₱ 29,482,178
Additions	-	-	17,667	17,667
Disposals	-	-	(310,668)	(310,668)
December 31	293,541	7,228,000	21,667,636	29,189,177
Accumulated Depreciation				
January 1	-	7,184,934	4,039,772	11,224,706
Provisions	-	6,744	1,971,015	1,977,759
Disposals/adjustments	-	-	(296,781)	(296,781)

December 31	-	7,191,678	5,714,06	12,905,684
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Carrying value

December 31, 2011	₱ 293,541	₱ 36,322	₱ 15,953,630	₱ 16,283,493
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December 31, 2010				
	Land	Building and Improvements	Machinery and other Equipment	Total
Cost				
January 1	₱ 293,541	₱ 7,228,000	₱ 19,196,247	₱ 26,717,788
Additions	-	-	2,764,390	2,764,390
Disposals	-	-	-	-
December 31	293,541	7,228,000	21,960,637	29,482,178
Accumulated Depreciation				
January 1	-	6,983,669	2,609,514	9,593,183
Provisions	-	201,265	1,430,258	1,631,523
Disposals	-	-	-	-
			4,039,7	11,224,70
December 31	-	7,184,934	72	6
Carrying value				
December 31, 2010	₱ 293,541	₱ 43,066	₱ 17,920,865	₱ 18,257,472

The Management assesses the condition of the Group's property and equipment annually. At December 31, 2011, management has not recognized any condition of impairment and based on its assessment, has not recognized any impairment loss.

Depreciation charges during the year amounted to ₱ 1,977,759; ₱ 1,631,523 in 2010.

NOTE 10 – CONSTRUCTION-IN-PROGRESS

This account pertains to the cost of the on-going construction of the Group's Cloisters project located in Batangas which was initially projected to be completed in 2010. However, the project was not completed as scheduled due to the collapse of the Bridge of Promise and delays in the processing of building permits.

Total accumulated costs of construction, which is composed of direct labor, materials and overhead, as of December 31, 2011 and 2010 amounted to ₱ 35,135,433 and ₱ 25,967,279, respectively.

NOTE 11 – DEFERRED EXPLORATION COSTS AND MINING RIGHTS

This account represents the Group's accumulated intangible costs related to its Coal Operating Contract (COC) and gold mining claims in Surigao del Sur and Agusan del Sur.

The recovery of deferred exploration costs is dependent upon the success of future exploration and development activities and events, the outcome of which cannot be presently determined. In

September 2008, the parent company transferred its COC to AbaCoal in exchange for AbaCoal's 304,751,200 new shares at its par value of ₱ 0.01 per share equivalent to ₱ 3,047,512.

In 2008, the parent company also entered into a Heads of Agreement with Lodestar Investment Holdings Corporation (Lodestar) and MUSX Corporation (MUSX – formerly Music Semiconductors Corporation) to transfer its outstanding shares in AbaCoal including its interest in a coal property located in Tandag, Surigao del Sur (see Note 20).

On April 12, 2011, the Department of Energy approved the conversion of COC No. 148 from Exploration Phase to Development and Production Phase. As of the audit period, Abacus Coal is completing the post-approval requirements prior to actual operation, namely, the Environmental Compliance Certificate (ECC) and the Clearance from the National Commission on Indigenous Peoples (NCIP). It is expected to start operation in the middle or latter part of 2012.

On December 27, 2011 the Company executed a Deed of Assignment of Gold Mining Rights in exchange for shares of stock in favor of Abacus Goldmines Exploration and Development Corporation (AbaGold) with supplemental Deed of Assignment executed on February 17, 2012. Under the deed of assignment, the Company assigns, transfers and conveys its entire title and interest in its gold mining rights covered by exploration Permit Application (EPA) No. 00028-411 in favor of Abagold in exchange to four hundred ninety worth of common shares of Abagold with a par value of ₱ 1. The estimated fair value of gold mining rights is P 2,625,013,991, based on the appraisal report of an independent appraiser dated December 31, 2011. The assignment of mining rights brought gain amounting to ₱ 497,068,340.

As of December 31, 2011 and 2010, the accumulated mining claims amounted to ₱ 301,134,360 and ₱ 301,566,020, respectively.

NOTE 12 – RELATED PARTY TRANSACTIONS

- a. Related party transactions consist of non-interest bearing advances to and from related parties for working capital requirements. These advances are due and collectible/payable upon demand.

The details of advances to related parties are as follows:

	Nature of Relationship	2011	2010
Abacus Global Technovisions, Inc. (AbaGT)	Associate	₱ -	₱ 37,677,260
Blue Stock Development Holdings, Inc. (BSDHI)	Parent	120,823,717	73,459,176
Hedge Integrated Management Group, Inc. (HIMGI)	Under common directorship	13,140,260	13,140,260
Geyser, Inc. (Geyser)	Under common directorship	4,980,058	4,988,928
		₱ 138,944,035	₱ 129,257,624

Advances from related party pertains only to claims from Abacus Goldmines Exploration and Development Corporation amounting to ₱ 1,179,500.

- b. Directors' fees, compensation and other benefits are composed of the following:

2011	2010
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Short-term benefits	₱	6,232,850	₱	7,839,416
Post-employment benefits		-		-
	₱	6,232,850	₱	5,382,898

NOTE 13- ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account consists of the following:

	2011	2010
Trade	₱ 1	₱ 1
Accruals	9,281,134	7,779,378
Others	4,940,392	4,976,088
	₱ 30,932,459	₱ 23,069,458

Trade payables, accruals and other liabilities are payable within one year after the financial reporting date.

Other payables pertain to the Parent company's liability to a contractor for the improvement of infrastructures within the coal concession area particularly in Sitio Mimi, Tago, Surigao del Sur.

The Parent company considers the carrying amounts of accrued expenses and other payables recognized in the statements of financial position to be the reasonable approximation of their fair values.

NOTE 14 – LOANS PAYABLE

The details of the account are as follows:

	2011	2010
Omnikor loan	₱ 3	₱ 4
Parent company loan	22,800,000	-
CTDHI loan	2,552,387	2,552,387
	₱ 61,238,101	₱ 44,685,720
Less: Current portion	(7,352,387)	(2,552,387)
Non- current portion	₱ 53,885,714	₱ 42,133,333

Omnikor Loan

In October 2009, a loan from the Philippine Veterans Bank was jointly obtained by Omnikor and ACRHI amounting to ₱ 47.4 million for working capital purposes with an annual interest rate of 12.63% which will mature in October 2014. The amount of the loan is wholly recorded under Omnikor's books.

The loan is secured by two parcels of land owned by Omnicor with a total book value of ₱ 163,060,800 and a deed of assignment on the proceeds to be generated from the saleable units on the Cloisters Project.

Interest expense incurred for this loan for the year ended December 31, 2011 and 2010 amounted to ₱ 4,956,307 and ₱ 5,792,356, respectively.

ACRHI Loan

This refers to a three-year term loan from a local bank with a total principal amount of ₱ 24 million with a prevailing interest rate of 7.5% per annum payable quarterly in arrears.

The loan is payable quarterly in the amount of ₱ 1.2 million to commence at the end of the 2nd quarter from initial loan availment date: balloon payment upon maturity. It is secured by a real estate mortgage over a 30,117 square meter property located in Brgy. San Juan, Mabini, Batangas with a market value of ₱ 81.3 million. It is also secured by a continuing suretyship executed by an officer and Omnines Maritime Network, Inc., an affiliate. Interest payments on the loan amounted to ₱ 681,781 for the year.

Details of the loan are as follows:

	2011
Current	₱ 4
Non- current	18,000,000
	₱ 22,800,000

CTDHI Loan

In July 2004, CTDHI obtained a 5% convertible loan (the 'loan') with a principal amount of US\$870,000 from Agrodynamics Farms (Texas), Inc. (AFI), a company incorporated under the laws of the State of Texas, United States of America (US), which matured on July 2006. The loan is convertible up to July 2006 (or on the occurrence of an initial public offering, whichever comes earlier) into the common stock of CTDHI with a par value of P1. Other significant terms of the loan are as follows:

- a. all payments of principal and interest in respect of the loan shall be made in US dollars;
- b. CTDHI may prepay in whole or in part the principal amount;
 - any of the following may constitute default:
 - i.) failure of CTDHI to pay the principal, interest or other amount as stated in the loan or any other loans CTDHI made;
 - ii.) failure of CTDHI to perform or observe any other term of the loan; and
 - iii.) any order or judgment against CTDHI decreeing its dissolution or split-up.
- c. at any time after the conversion date and from time to time thereafter prior to the payment of the loan in full, AFI may convert the outstanding principal amount of the loan into such number of common shares equivalent to the amount designated by AFI and converted into Philippine peso at the US Dollar to Philippine peso exchange rate then in effect. Common shares are pegged at P1 par value; and
- d. as soon as possible after the conversion has been effected, the CTDHI shall deliver to AFI a certificate or certificates representing the number of common shares issuable by reason of such name or names and such denominations as AFI has specified.

After July 2006, the option of AFI to convert this debt into shares of CTDHI has already elapsed.

As of December 31, 2011 and 2010, the Philippine peso value of the loan amounted to ₱ 2,552,387 and 2,552,387 respectively.

NOTE 15 – EQUITY

Share Capital consists of the following:

	2011	2010
Class A Shares (including Class B Shares declassified in 2008)		
Authorized, @ ₱ 1.00 par value per share		
<i>Number of Shares</i>	3,000,000,000	3,000,000,000
<i>Amount:</i>	₱ 3,000,000,000	₱ 3,000,000,000
Issued:		
<i>Number of Shares</i>		
January 1	2,655,095,834	2,655,095,834
Additions	-	-
Subscription for the year	-	-
	2,655,095,834	2,655,095,834
Subscription receivable	(294,226,763)	(296,082,544)
	2,360,869,071	2,359,013,290
<i>Amount:</i>		
January 1	₱ 2,655,095,834	₱ 2,655,095,834
Additions	-	-
Subscription for the year	-	-
	2,655,095,834	2,655,095,834
Subscription receivable	(294,226,763)	(296,082,544)
	₱ 2,360,869,071	₱ 2,359,013,290
Treasury shares at cost		
January 1	₱ 1,150,790	₱ 1,150,790
Re-issuance	(1,000,000)	-
December 31	₱ 150,790	₱ 1,150,790

The Parent company's Treasury shares amounting to P1,000,000 were re-issued to Abacus Goldmines Exploration and Development Corporation as settlement for advances. The amount of treasury shares restricts the Parent Company from declaring an equivalent amount from the unappropriated retained earnings as dividends.

NOTE 16 – EXPENSES

The compensation and benefits includes the salaries and wages of employees of the Group as well as their 13th month pay and monthly contributions to SSS, PhilHealth and Pag-ibig Fund.

Taxes and licenses is composed of business taxes paid for permits, licenses and property taxes incurred in the normal course of the Group's business operations.

Management and directors' fees pertain to remuneration paid to the directors of the Group when board meetings are held.

Miscellaneous expenses include membership dues and fees, donations and input VAT from purchases.

NOTE 17 – RETIREMENT BENEFIT COST

The Group is required by Republic Act (R.A.) 7641, Retirement Law, to pay retirement benefits for all employees who have reached the retirement age of 60 and have rendered a minimum continued service of five years. Under R.A. 7641, the retirement pay is equivalent to at least half of the final monthly salary of the employee for every year of service.

Under PAS 19, "Employee Benefits", the cost of defined retirement benefits, including those mandated under R.A. 7641, should be determined using an accrued benefit actuarial valuation method or a projected unit credit actuarial valuation method.

Management believes that the effect on the financial statements of the difference between the retirement benefit cost recognized by the Group and the retirement benefit cost that could be determined using the projected unit credit actuarial valuation method is not significant.

NOTE 18 – INCOME TAXES

The components of the Parent company's provision for (benefit from) income tax for the years ended December 31, 2010, 2009 and 2008 are as follows:

		2011		2010		2009
Current	₱	16,354	₱	23,229	₱	33,989
Deferred		29,920,456		232,667,489		189,589,212
	₱	29,936,810	₱	232,690,718	₱	189,623,201

The deferred tax liabilities in the consolidated statements of financial position consist of the following:

		2011		2010		2009
Revaluation increment in investment property	₱	663,425,503	₱	631,615,509	₱	563,619,257
Unrealized foreign exchange gain		-		129,282		-
	₱	663,425,503	₱	631,744,791	₱	563,619,257

NOTE 19 – BASIC EARNINGS PER SHARE

The following table presents information necessary to calculate basic earnings (loss) per share:

	2011	2010	2009
Net income attributable to equity holders of the Parent company	₱ 612,469,119	₱ 263,608,504	₱ 437,806,707
Weighted average number of common shares outstanding during the year	2,182,331,291	2,179,159,510	1,641,777,571
	₱ 0.28065	₱ 0.12097	₱ 0.26667

The diluted earnings per share for the years ended December 31, 2011 and 2010 have not been calculated since no diluting events existed during those years.

NOTE 20 – COMMITMENTS AND CONTINGENCIES

In 2008, the Parent company entered into a Heads of Agreement (the Agreement) with Music and Lodestar to transfer its outstanding shares in AbaCoal including its interest in a coal property located in Tandag, Surigao del Sur.

This Agreement was amended in 2009 whereby Music assigned its right to acquire 55% participation and equity interest in AbaCoal to Lodestar. The purchase price was in the form of exchange of shares whereby P225 million worth of shares of AbaCoal at par value were swapped with 25 million shares of Lodestar valued at P9 per share or a total value of P225 million. As a consequence of this exchange of shares, Lodestar gained control of 75% of the over-all outstanding share capital of AbaCoal. Lodestar was also granted an option to acquire the remaining P75 million worth of shares of Abacoal. However, as of report date, the transfer of ownership of the shares between the two parties has not yet been completed.

In 2009, the Parent company received advances from Lodestar amounting to P15 million in addition to the P15 million received in 2008.

On November 3, 2010, the Heads of Agreement was revised as follows:

1. Merger and Acquisition

Lodestar shall acquire the Coal Property and all the other assets and liabilities of AbaCoal by and through a merger of Lodestar and AbaCoal, with Lodestar as the surviving corporation. By virtue of said merger, Lodestar shall issue two hundred fifty million (250,000,000) new common shares at a par value of ten centavos (₱ 0.10) and an agreed issue value of ninety centavos (₱ 0.90) to the

Parent company. The Parent company undertakes to list the said 250,000,000 new common shares with the Philippine Stock Exchange (PSE) at the soonest possible time. These terms and conditions shall be incorporated in a Merger Agreement and Plan of Merger which the parties hereby agree to execute at the proper time.

2. Participation in Operating Revenues

As an indispensable component of this agreement, Lodestar shall make staggered cash payments to the Parent company which shall be deemed as constituting a participation in operating revenues from the Coal Property in the total amount of seventy five million pesos (₱ 75,000,000), in accordance with the following schedule:

Date or Period of Payment	Amount
<ul style="list-style-type: none"> September 24, 2008, June 1, 2009 and June 8 2009 – Advance Deposit on First Party's Participation. 	Thirty Million Pesos (₱ 30,000,000)
Amounts to be paid upon and to be taken from the sale of the first production of Coal Products from the Coal property	
<ul style="list-style-type: none"> ▪ Upon consummation of said first (1st) sale of Coal Products 	Twenty Million Pesos (₱ 20,000,000)
<ul style="list-style-type: none"> ▪ Thirty (30) days from consummation of said 1st sale of Coal Products 	Twenty Five Million Pesos (₱ 25,000,000)

Lodestar shall be entitled to a grace period of ten (10) days from the dates the payments fall due.

On October 26, 2011, Abacus Consolidated Resources and Holdings, Inc. (ABACUS) entered into an agreement with Lite Aviation Holdings, Limited (LAH) wherein, the following matters were agreed upon: (a) LAH will issue shares to ABACUS at agreed rate of \$ 1 per share based upon the amount drawn down each milestone; (b) LAH hereby also grants ABACUS, or assign, an option at a second ONE Million US DOLLARS (\$ 1,000,000) investment into LAHS. The intent to invest the “second million” option must be declared on or before January 31, 2012; (c) To secure the place of ABACUS as an investor in LAH, ABACUS agrees to a deposit of fifty thousand dollars (\$ 50,000). The fifty thousand dollars (\$ 50,000) shall also be deducted from the initial One million US dollars (\$ 1,000,000) investment; (d) Both parties agree to negotiate for a share swap conversion on their respective shares up to the amount of US \$ 100,000 under such terms and conditions acceptable to the parties within one month from the date of signing of MOA.

ABACUS declares through MOA its intent to invest 1million US dollars (\$ 1,000,000) in LAH to support LAH's 49% interest in PT Lite Airways Indonesia and other aviation-related business. For this purpose, Abacus shall utilize its fully-owned subsidiary, Tagapo Realty Company, Inc. (TAGAPO), or assign, as its investing vehicle, and may change TAGAPO's name to Lite Aviation Philippines, Inc., or to a similar name as may be approved by the Philippine Securities and Exchange Commission.

NOTE 21 – LEASES

The Group has also entered into an operating lease agreement with Doña Nicasia Realty for a term of one year with an escalation rate of 10% per year. In 2009, the Company renewed its lease agreement for another year.

Lease rental expense for the years ended December 31, 2011, 2010 and 2009 amounted to P258,156, P258,156 and P258,156, respectively.

The Group has lease agreements that are renewable upon mutual agreement with its lessees as follows:

Lessee	Lease Period
Globe Telecom, Inc.	October 10, 2011 – October 9, 2016
Metro Lipa Water District	February 28, 2010 – indefinite duration
Blue Stock Development Holdings, Inc.	December 2008 – indefinite duration

In 2009, the Parent company entered into a sub-lease agreement with BSDHI for occupying a portion of the area leased from Doña Nicasia Realty.

Rental deposits as of December 31, 2011 and 2010 amounted to P 120,712 and P170,712. Rental income earned for the years ended December 31, 2011, 2010 and 2009 amounted to P565,327, P514,998 and P622,609, respectively.

The future minimum lease receipts are as follows:

Period	Amount
Less than one year	P 472,320
More than one year but less than five years	2,405,675

NOTE 22 – JOINT VENTURE AGREEMENT (JVA)

PRIDE represented Omnicor and its subsidiaries (the Owners) in a JVA with Solar Resources, Inc. (Solar), executed on February 18, 2007 involving properties of the Owners amounting to P42,163,200. The pertinent terms of the JVA are as follows:

- Solar undertakes to develop the property into a residential/commercial subdivision;
- Solar shall, as soon as practicable, start the construction and development work in the project after all the necessary permits and clearances to commence development works shall have been completely secured;
- Solar shall develop the project by way of phases and commits to complete all construction and development works on each phase within three (3) years or longer from the commencement thereof but the period may be shortened or lengthened depending on the sales performance of the project;

- Expenses in securing the approval from the Department of Agrarian Reform of the land conversion of the properties to residential/commercial use, or its exemption from conversion shall be shared by Solar and the Owners on a 65%-35% ratio;
- As and by way of return on the respective contributions of the parties, the net saleable area in the residential/commercial subdivision shall be divided between Solar and the Owners on a 65%-35% ratio; and
- As part of the JVA, PRIDE shall acknowledge the receipt of P10 million from Solar as cash advance from the joint venture. This cash advance shall be paid by PRIDE to the joint venture thru successive deductions from any and all collections received from the sale of the Owners' 35% lot share in the project. Advances received as of December 31, 2011 and 2010 amounted to P9,500,000.

As of report date, the project is still under development and no revenue is recognized yet.

NOTE 23 – CAPITAL 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 P4,002,466,283 and P3,380,831,911 as of December 31, 2011 and 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 PIIFI 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. PIIFI also meets the minimum capital requirement of P50 million set by the Investment Company Act.

NOTE 24 – SEGMENT INFORMATION

Business Segments

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

The holding segment is primary engaged in purchasing, owning, holding, transferring, or disposing of real properties of every kind and description, including shares of stocks and other securities, contracts or obligations of any corporation or association and contributed 93% and 25% of the Group's consolidated net income for the years ended December 31, 2011 and 2010,

respectively. The sudden increase in income was due to gain on assignment or transfer of gold mining rights in the amount of ₱ 497,069,340 to Abacus Goldmines Exploration & Development Corp.

The real estate segment includes purchases of land for appreciation which contributed 4% and 21% of the Group's consolidated net income for the years ended December 31, 2011 and 2010, respectively.

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. This segment only existed in 2007 when PSDBI is still a subsidiary of PRIDE. It was deconsolidated in 2008 when the ownership of PRIDE in PSDBI was diluted to 40%.

The hotel segment is basically engaged to own, lease, operate, manage and administer hotels/hometels, apartment hotels, restaurants and all facilities, accommodations adjunct and accessories appurtenants to general hostelry business. This segment was also deconsolidated in 2008 when ownership of the Parent company in AbaGT was reduced to 9.64%.

Other segments include the mining and exploration, investment and other small divisions of the Group which contributed 3% and 54% of the Group's consolidated net income for the years ended December 31, 2011 and 2010, respectively. These are monitored by the Group's Management as well.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivable and property and equipment, net of allowances and provisions and investment property. 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.

	Holding			Real Estate			Others			Eliminations			Consolidated		
	2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2008
External Revenue	575,835,936	88,073,352	18,673,136	55,861,067	423,248,815	221,838	30,034,828	351,795,979	3,042,485	(486,790,461)	(313,891,720)	-	174,941,370	549,226,426	21,937,459
Results															
Segment results	560,055,791	66,835,944	(19,106,807)	41,033,105	191,209,840	(11,187,308)	29,694,231	239,884,775	(11,623,927)	1,070,539	(30,188,769)	-	641,492,665	467,741,790	(41,918,042)
Gain on revaluation of investment property	1,3,777,540	19,464,160	-	55,192,250	397,809,480	403,130,607	31,185,040	347,563,889	241,978,536			-	100,154,830	764,837,529	645,109,143
Share in net earnings (loss) of associates	5,5,460,411	1,43,307	49,467,647	78,049	1,238,748	(24,453)	-	292,412	1,945,942	1,7,785,661	46,431,825	-	73,324,121	48,106,292	51,389,136
Provision for (benefit from) income tax	4,008,217	11,066,623	3,771	16,570,421	124,748,191	117,025,870	9,358,171	104,646,074	72,593,561	-	(4,762,089)	-	29,936,810	235,698,799	189,623,202
Net Income (Loss)	556,046,625	60,062,519	30,357,069	24,540,729	68,212,696	274,892,976	20,336,059	130,066,416	159,706,990	1,070,539	28,394,930	-	611,632,952	269,822,598	464,957,035
Assets															
Operating assets	513,740,308	120,431,276	521,176,138	17,308,398	20,449,816	1,666,294,293	1,964,787	1,201,698	862,537,392		(102,120,039)	(253,710,712)	532,013,494	39,962,751	2,796,297,111
Advances to related parties	165,003,559	32,051,819	308,518,723	268,596,632	175,483,972	268,115,982	34,953,456	63,549,383	32,973,734	(32,9,609,612)	(141,487,550)	(478,307,957)	138,944,035	129,597,623	131,300,482
Investments in associates	602,398,830	554,864,178	2,319,230,552	2,017,549	1,939,500	171,367,262	-	-	405,348,714	8,2,950,799	74,025,036	(2,312,022,041)	687,367,178	630,828,714	583,924,487
Other assets	2,898,073,302	2,792,195,261	30,442	1,788,797,670	1,775,610,296	963,991	1,494,968,175	1,464,252,237	299,943	(2,741,300,614)	(2,712,438,207)	-	3,440,538,267	3,319,619,588	1,294,376
Total Assets	4,179,216,000	3,499,542,534	3,148,955,855	2,076,720,515	1,973,483,584	2,106,741,528	1,530,886,418	1,529,003,318	1,301,159,783	(2,987,959,427)	(2,882,020,760)	(3,044,040,710)	4,798,863,506	4,120,008,676	3,512,816,456
Liabilities															
Operating liabilities	1,5,947,567	15,124,919	126,085,593	9,972,785	3,761,035	5,642,832	3,240,539	1,849,551	15,186,600		2,504,665	(85,653,815)	29,160,890	23,240,170	61,261,210
Advances from related parties	3,1,065,826	32,051,819	36,319,464	226,663,139	180,264,802	297,582,298	95,082,906	94,762,980	32,621,298	(351,632,371)	(307,079,601)	(366,523,060)	1,179,500	-	-
Loans payable	2,5,352,387	2,52,387	22,689,787	35,885,714	42,133,333	47,400,000	-	-	-	-	-	-	61,238,101	44,685,720	70,089,787
Income tax payable	948	802	8,119	-	-	6,054	-	-	-	-	5,283	-	948	6,085	1,4173
Deferred tax liability	4,7,861,366	44,623,982	2,013,707	324,823,163	309,201,836	495,458,920	293,774,203	279,189,151	71,193,568	(303,303,230)	(1,270,179)	(3,033,231)	663,425,503	631,744,791	565,632,964
Other liabilities	3,9,500,000	39,500,000	-	1,892,281	30,379,914	30,379,914	-	-	-	-	79,914	-	41,392,281	-	-
Total Liabilities	159,728,094	133,853,909	187,116,670	599,237,084	565,740,921	846,090,104	392,097,647	375,801,683	119,001,466	(354,665,601)	(336,219,746)	(455,210,106)	796,397,223	739,176,766	696,998,134
Depreciation	164,211	174,197	242,589	1,558,428	1,445,810	15,639	255,120	273,636	153,097	-	-	-	1,977,759	1,893,644	411,325

NOTE 25– 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 December 31, 2011 and 2010:

	2011		2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash and cash equivalents	₱ 15,474,524	₱ 15,474,524	₱ 19,569,342	₱ 19,569,342
Trade and other Receivables	499,874,284	499,874,284	1,184,416	1,184,416
Advances to related parties	138,944,035	138,944,035	129,597,624	129,597,624
	₱ 654,292,843	₱ 654,292,843	₱ 150,351,382	₱ 150,351,382
Financial Liabilities				
Accounts payable and accrued expenses	₱ 30,932,459	₱ 30,932,459	₱ 23,069,458	₱ 23,069,458
Advances from Heads 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	7,352,387	7,352,387	2,552,387	2,552,387
Advances to Goldmines	1,179,500	1,179,500	-	-
	₱ 78,964,346	₱ 78,964,346	₱ 65,121,845	₱ 65,121,845

Fair Value of Financial Instruments

The carrying amounts of the cash and cash equivalents, trade and other receivables, advances to related parties, advances from a related party, advances from heads of agreement, loan payable and accrued expenses and other payables approximate their fair values due to the relatively short-term maturity of these financial instruments.

NOTE 26 – BUSINESS COMBINATION

In December 2009, the BOD approved the share-for-share swap acquisition by the Parent company of the 100% outstanding capital stock and advances of BSDHI's two subsidiaries, namely, KPI and VRC in exchange for the Parent company's 654,529,820 shares at P1 par value or a total of P654,529,820. The fair value of the identifiable assets and liabilities of the two subsidiaries acquired at the date of acquisition and the corresponding carrying amounts before the acquisition were:

	Fair Value / Carrying Value Realized on Acquisition
Assets	
Cash	₱ 339,424
Prepaid expenses	43,108
Investment property	654,529,820
Total Assets	654,912,352

Liabilities	
Accounts payable and accrued expenses	5,512,851
Advances from related parties	163,063,888
Deferred tax liability	144,200,696
	<hr/>
Total Liabilities	312,777,435
	<hr/>
	<hr/>
	₱ 342,134,918

The acquisition resulted to the recognition of goodwill of P149,381,978.

NOTE 27 – FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

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 payable 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 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 December 31, 2011 and 2010 are as follows:

		2011		2010
Trade and other receivables	₱	499,874,284	₱	1,184,416
Advances to related parties		138,944,035		129,257,624
		<hr/>		<hr/>
	₱	638,818,319	₱	130,442,040

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

December 31, 2011	Total	Neither past due nor impaired	≤ 30 days	31 – 90 days	91 – 180 days	181 – 360 days	1 – 3 years	< 3 years but not impaired	Impaired
Advances to related parties	₱138,944,035	₱138,944,035	-	-	-	-	-	-	-
Trade and other Receivables	499,874,284	499,874,284	-	-	-	-	-	-	-
	₱638,818,319	₱638,818,319	-	-	-	-	-	-	-

December 31, 2010	Total	Neither past due nor impaired	≤ 30 days	31 – 90 days	91 – 180 days	181 – 360 days	1 – 3 years	< 3 years but not impaired	Impaired
Advances to related parties	₱129,257,624	₱129,257,624	-	-	-	-	-	-	-
Trade and other Receivables	1,184,416	1,184,416	-	-	-	-	-	-	-
	₱130,442,040	₱130,442,040	-	-	-	-	-	-	-

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 maturity analysis of the Group's financial liabilities as of December 31, 2011 and 2010 are as follows:

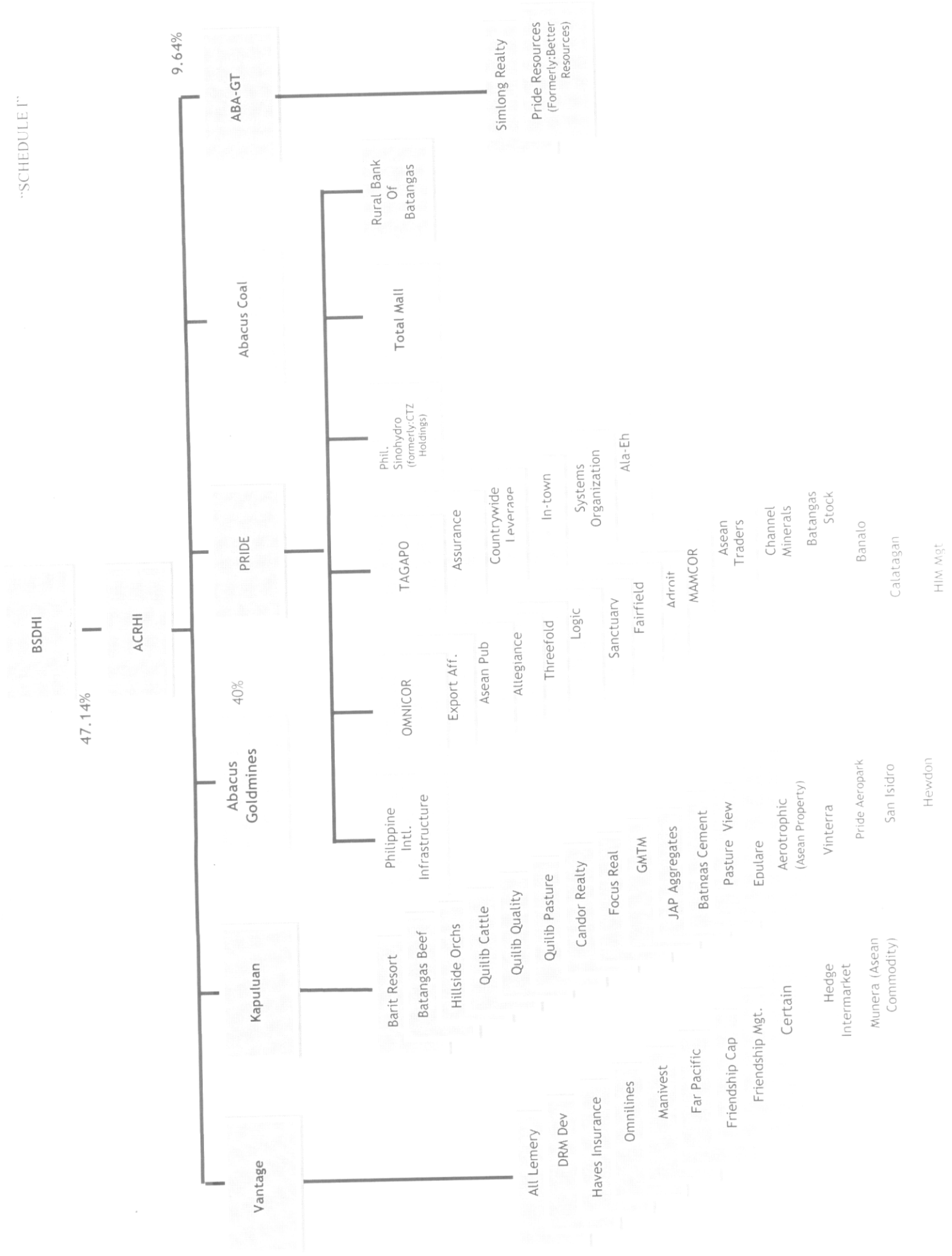
December 31, 2011	Total	On demand	Less than 3 months	3 – 12 months	1 – 5 years
Accounts payable and accrued expenses	₱ 30,932,459	₱ 9,281,134	₱ -	₱ 21,651,325	₱ -
Advances from Heads Agreement	30,000,000	30,000,000	-	-	-
Advances from joint Venture	9,500,000	9,500,000	-	-	-
Loans payable	7,352,387	-	-	7,352,387	-
Advances to related party	1,179,500	1,179,500	-	-	-
	₱ 78,964,346	₱ 49,960,634	₱ -	₱ 29,003,712	₱ -

December 31, 2010	Total	On demand	Less than 3 months	3 – 12 months	1 – 5 years
Accounts payable and accrued expenses	₱ 23,069,458	₱ 7,779,378	₱ -	₱ 15,290,080	₱ -
Advances from Heads Agreement	30,000,000	30,000,000	-	-	-
Advances from joint Venture	9,500,000	9,500,000	-	-	-
Loan payable	2,552,387	2,552,387			
	₱ 65,121,845	₱ 49,831,765	₱ -	₱ 15,290,080	₱ -

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

- SCHEDULE I : Map showing the relationships between and among the companies in the Group, its ultimate parent company and subsidiaries
- SCHEDULE II : Schedule of all effective standards under Philippine Financial Reporting Standards (PFRSs)
- SCHEDULE III : Supplementary Schedules of Financial Statements under SRC Rule 68

"SCHEDULE I"



Note: 100% owned except where otherwise indicated.)

SCHEDULE OF ALL EFFECTIVE STANDARDS UNDER PHILIPPINE FINANCIAL REPORTING STANDARDS (PFRSs)

PAS 1 (Revised)	Presentation of Financial Statements	Adopted
PAS 2	Inventories	Adopted
PAS 7	Cash Flow Statements	Adopted
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Adopted
PAS 10	Events after the Balance Sheet Date	Adopted
PAS 11	Construction Contracts	Adopted
PAS 12	Income Taxes	Adopted
PAS 14	Segment Reporting	Adopted
PAS 16	Property, Plant and Equipment	Adopted
PAS 17	Leases	Adopted
PAS 18	Revenue	Adopted
PAS 19 (amended)	Employee Benefits	Adopted
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Not applicable
PAS 21	Net Investment in Foreign Operation	Not applicable
PAS 23 (revised)	Borrowing Costs	Adopted
PAS 24 (revised)	Related Party Disclosures	Adopted
PAS 26	Accounting and Reporting by Retirement Benefit Plans	Not Adopted (Note 17)
PAS 27 (amended)	Separate Financial Statements	Adopted
PAS 28 (amended)	Investment in Associates and Joint Venture	Adopted
PAS 29	Financial Reporting in Hyperinflationary Economies	Not applicable
PAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions	Not applicable
PAS 31	Interests in Joint Ventures	Adopted
PAS 32	Financial Instruments	Adopted
PAS 33	Earnings per Share	Adopted
PAS 34	Interim Financial Reporting	Not adopted
PAS 36	Impairment of Assets	Adopted
PAS 37	Provisions Contingent Liabilities and Contingent Assets	Adopted
PAS 38	Intangible Assets	Adopted
PAS 39	Financial Instruments- Recognition and measurement	Adopted
PAS 40	Investment Property	Adopted
PAS 41	Agriculture	Not applicable
PFRS 1	First time adoption of PFRS	Adopted
PFRS 2	Share-based payment	Adopted
PFRS 3	Business Combinations	Adopted
PFRS 4	Insurance Contracts	Adopted
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	Adopted
PFRS 6	Exploration for and Evaluation of Mineral Resources	Adopted
PFRS 7	Financial Instruments: Disclosures	Adopted
PFRS 8	Operating Segments	Adopted
PFRS 9	Financial Instruments-Recognition and Measurement	Adopted

**ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC.
AND SUBSIDIARIES**
Supplementary Schedules of Financial Statements Required by the Securities and
Exchange Commission for the Year Ended December 31, 2011

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A	-	Financial assets	NA
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ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES

**SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH
ARE ELIMINATED DURING THE CONSOLIDATION
For the Year Ended December 31, 2011
(in Philippine Peso)**

Name and Designation of Debtor	Balance of beginning of period	Additions	DEDUCTIONS		Current	Non- current	Balance at the end of the period
			Amounts collected	Amounts written off			
AbaCoal	3,980,000	50,189	-	-	4,030,189		4,030,189
CTDHI	4,902,405	-	-	-	4,902,405		4,902,405
Quilib Quality Farms	33,118	-	-	-	33,118		33,118
Omnicoor	8,372,298	19,691,036	2,457,500		25,605,834		25,605,834
Batangas Stock Dev't. Holdings,	252,689				252,689		252,689
PRIDE	3,441,437	1,117,000	780,733		3,777,704		3,777,704
HIIMGI	105,540	-			105,540		105,540
Geyser, Inc.	17,845	870			18,715		18,715
Vantage Realty Corp.	-	875,994			875,994		875,994
Kapuluan Properties, Inc.	1,660,500	25,616			1,686,116		1,686,116
Total	22,765,832	21,760,705	3,238,233	-	41,288,304		41,288,304

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

**SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS
For the Year Ended December 31, 2011**

Classification	Beginning Balance	Additions at cost	Charged to cost and expenses	Other changes - Additions (deductions)	Ending Balance
A. INTANGIBLE ASSETS	P -	P -	P -	P -	P -
B. OTHER ASSETS					
Prepaid expenses	P 78,800	P 11,878	P -	P -	P 90,678
Creditable withholding tax	5,749	2,000	-	-	7,749
Input VAT	835,223	617,405	-	-	1,452,628
Miscellaneous	31,749	266	-	-	32,015
Total	P 951,521	P 631,549	P -	P -	P 1,583,070

ABACUS CONSOLIDATED RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE E - LONG TERM DEBT

For the Year Ended December 31, 2011

Name of Issuer and Type of Obligation	Amount Authorized by Indenture	Amount Shown as Current	Amount Shown as Long - term debt
Philippine Veterans Bank	35,885,714	-	35,885,714
Banco de Oro Bank	22,800,000	4,800,000	18,000,000
Agrodynamic Farms (Texas), Inc.	2,552,387	2,552,387	-
Total	61,238,101	7,352,387	53,885,714

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

SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES

For the Year Ended December 31, 2011

<u>Name of Affiliates</u>	<u>Beginning Balance</u>	<u>Ending Balance</u>
Abacus Goldmines Exploration and Development Corp.	-	1,179,500
Mojica Realty Corporation	-	-
Blue Stock Development Holdings, Inc.	-	-
Candor Realty Corporation	-	-
Quilib Quality Farms, Inc.	-	-
Total	-	1,179,500

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

**SCHEDULE H - CAPITAL STOCK
For the Year Ended December 31, 2011**

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions and Other Rights	Number of Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
Common shares	3,000,000,000	2,360,869,071	-	178,386,990	14,071,229	2,168,410,852