

# CosCo Capital, Inc.

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April 26, 2013

## **CORPORATION FINANCE DEPARTMENT**

Securities & Exchange Commission  
SEC Building, EDSA, Greenhills  
City of Mandaluyong, Metro Manila

*Attn :* **Atty. Justina F. Callangan**  
Director

## **DISCLOSURE DEPARTMENT**

Philippine Stock Exchange  
The PSE Plaza  
Ayala Ave., Makati City

*Attn :* **Ms. Janet A. Encarnacion**  
Head

Gentlemen:

In compliance with Securities Regulation Code Rules 17 and 68, as amended and PSE's Full Disclosure Rule, we are pleased to submit CosCo Capital, Inc. (Formerly Alcorn Gold Resources Corporation) 1<sup>st</sup> Quarter Report for the year 2013 ending March 31, 2013 (SEC Form 17-Q).

Thank you. We hope that these conform to your requirements.

Very respectfully yours,

  
**JOSE S. SANTOS, JR.**  
Corporate Secretary  
Compliance Information Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q  
2013 1<sup>st</sup> Quarter Report

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

1. For the quarterly period ended : March 31, 2013

2. Commission identification number: 147669

3. BIR Tax Identification No. : 000-432-378



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

**COSCO CAPITAL, INC.**

(Formerly Alcorn Gold Resources Corporation)

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

Republic of the Philippines

6. Industry Classification Code:  (SEC Use Only)

7. Address of registrant's principal office:

2<sup>nd</sup> Floor Tabacalera Bldg 2, 900 D. Romualdez Sr. St.,  
Paco, Manila Postal Code: 1007

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

(632) 524-9236 or 38

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

ALCORN GOLD RESOURCES, CORPORATION

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

Title of Class	Number of Shares of Common Stock Outstanding with P0.01 par value (Listed & Not Listed)
Common	127,500,000,000

AGRC has no outstanding debt as of March 31, 2013.

11. Are any or all of the securities listed on the Philippine Stock Exchange?

Yes [ / ] No [ ]

The 70 billion common shares of stock of the company are listed in Philippine Stock Exchange (PSE).

12. Indicate by check mark whether the registrant:

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

Yes [ / ] No [ ]

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

Yes [ / ] No [ ]

## **PART I--FINANCIAL INFORMATION**

### **Item 1. Financial Statements**

Financial Statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68 and 68.1, Form and Content of Financial Statements, shall be furnished as specified therein.

Please see attached **SECTION - A**

### **Disclosure on Material Subsequent Events (Item 1-6)**

There are no material subsequent events for the 1st quarter of 2013.

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

*The following should be read in conjunction with the accompanying interim financial statements and notes thereto which form part of this Report. The interim financial statements and notes thereto have been prepared in accordance with the generally accepted accounting principles in the Philippines.*

*Top 4 Key Performance Indicators*

The management considers the following as key performance indicators of the Company:

- Return on Investment (ROI) (Net Income / Ave. Stockholders' Equity), measures the profitability of stockholders' investment.
- Profit Margin (Net Income / Net Revenue), measures the net income produced for each peso of sales.
- Current Ratio (Current Asset / Current Liabilities), measures the short-term debt-paying ability of the Company.
- Asset Turnover (Net Revenue / Ave. Total Assets), measures how efficiently assets are used to generate revenues.

The following table shows the Top 4 key performance indicators for the past three interim periods:

<b>Performance Indicator</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
ROI	0.23%	0.06%	0.22%
Profit Margin	27.66%	10.52%	30.39%
Current Ratio	351.96	196.72	357.01
Asset turnover	0.81%	0.55%	0.73%

**Review of Operations – Three Month Period Comparison**

**From the end of the last fiscal year and for the comparable interim period in the preceding financial year:**

**March 31, 2013 Vs March 31, 2012**

Period ended March 31,	3-month Period		% of Change
	2013	2012	
Petroleum Revenues	596	-	100.00%
Production Costs	(425)	-	-100.00%
Income from Petroleum Operations	171	-	0.00%
Income from Sale of Petroleum Interest			0.00%
Interest Income, net	7,382	4,074	81.00%
Foreign Exchange Gain, net	26	51	-49.00%
Recovery in market value on marketable securities	-	438	0.00%
Dividend Income	3,129	614	409.00%
	10,537	5,177	104.00%
General & Administrative	7,628	4,632	64.68%
Net Income (Loss) for the Period	3,080	545	465.14%

AGRC realized revenue of P11.13 million for the first quarter of the year ended March 31, 2013. This was 115% higher compared to last year's revenue of P5.17 million. Revenue for the quarter were contributed by oil lifting's and treasury activities amounting to P 0.60 million and P10.54 million respectively.

For treasury activities, revenue came from interest income on various placements amounting to P7.38 million and dividend income of P3.13 million.

Total expenses for the 1<sup>st</sup> quarter amounted to P 7.63 million, an increase of 64% from the previous year of the same period. The increase in total expenses was primarily on account of taxes & licenses, professional fees and other meeting expenses brought about by transactions relating to the increase in capitalization and related matters.

As a result of the foregoing, the Company posted a net income of P3.08 million for the 1<sup>st</sup> quarter of year 2013, equivalent to a 465% increase.

### March 31, 2012 Vs March 31, 2011

For the first quarter of the year ended March 31, 2012, the Company posted total revenues of P5.18 million, all coming from treasury activities. Out of the total revenues, P4.07 million comes from interest income and P1.05 million comes from dividend income. Total revenues decreased by 19 per cent or P1.2 million compared last year due to lower rates from placements.

Total expenses for the 1<sup>st</sup> quarter amounted to Php4.6 million, an increase of 4 per cent from the previous year of same period. The increase in total expenses was primarily on account of rent and repairs & maintenance.

As a result of the foregoing, the Company posted a net income of Php.545 million for the 1<sup>st</sup> quarter of year 2012, equivalent to a 72 per cent decrease.

### March 31, 2011 Vs March 31, 2010

For the first quarter of the year ended March 31, 2011, the Company posted total revenues of P 6.3 million, of which P 4.6 million comes from interest income and P 1.2 million comes from dividend income. Total revenues increased by 28 per cent compared last year due to minimal forex loss and higher yield in investments.

Total expenses for the 1<sup>st</sup> quarter amounted to P 4.4 million, a decrease of 48 per cent from the previous year. The fall in total expenses was primarily on account of personnel costs.

As a result of the foregoing, the Company posted a net income of P 1.9 million for the 1<sup>st</sup> quarter of year 2011, equivalent to a 145 percent over net loss of P 4.3 million in 2010.

## II. Financial Condition (Amount in Thousands)

	31-Mar-13	31-Dec-12	% of Change	% of Total Assets
Cash and cash equivalents	943,425	998,705	-5.54%	68.27%
Available-for-sale financial assets	90,665	41,003	121.12%	6.56%
Receivables	21,147	18,617	13.59%	1.53%
Prepayment & other current assets	7,837	2,224	252.38%	0.57%
Total Current Assets	1,063,074	1,060,549	0.24%	76.93%
Property & Equipment	160,303	160,378	-0.05%	11.60%
Deferred Costs	150,816	150,158	0.44%	10.91%
Deferred Income Tax Asset	5,075	5,075	0.00%	0.37%
Other Assets	2,659	2,659	0.00%	0.19%
Total Assets	1,381,927	1,378,819	0.23%	100.00%
Current Liabilities	3,021	2,992	0.97%	0.22%
Stockholders' equity	1,378,906	1,375,827	0.22%	99.78%
Total Liabilities & Equity	1,381,927	1,378,819	0.23%	100.00%

### **March 31, 2013 vs December 31, 2012**

Total assets of the Company amounted to P 1.38 billion with no debt except for negligible amount of accrued expenses. Total current assets for the first quarter of the year ended March 31, 2013 amounted to P 1.06 billion while non-current assets P 318 million. Cash and cash equivalents decreased by 6%, since the Company transferred some of its short term placements to long term investments to take advantage of higher interest rate of the latter. Available for sale financial assets on the other hand increased by P49.66 million or 121% over. Receivables increased by 14% due to higher interest income receivables during the year.

Total current liabilities increased by 0.97% due to accrual of expenses. The company has no long term obligations.

### **March 31, 2012 vs December 31, 2011**

The Company's total assets amounted to Php935 million as of the end of March 31, 2012. Total assets increased by .11 per cent on account of higher cash and available-for-sale financial assets levels arising from treasury activities.

Total cash and cash equivalents and financial assets increased by .29 per cent and .15 per cent respectively mainly due to net cash provided by investing activities.

Receivables decreased by 2.61 per cent due to collection of subscription receivables.

Total current liabilities increased by 28 per cent due to accruals of expenses. The company has no long term obligations.

### **March 31, 2011 Vs December 31, 2010**

The Company's total assets amounted to P 867 million as of the end of March 31, 2011. Total assets increased by .36 per cent on account of higher available-for-sale financial assets levels arising from payment of subscription of common stock.

Total cash and cash equivalents declined by 7 per cent mainly due to usage of cash in operations. On the other hand, available for sale financial assets rose 15 per cent on account of proceeds from subscription on capital stock.

Deferred assets grew by .13 percent from P158.1 million in the previous year. The increase was due to additional capitalized costs incurred for various projects during the quarter.

Total current liabilities decreased by 28% due to payment of liabilities. The company has no long term obligations.

### III. Changes in Stockholder's Equity

By the end of March 31, 2013 and 2012, total outstanding capital stock is 127,500,000,000. The increase (decrease) in stockholders' equity at March 31 is due to:

	Period Ended March			
	2013		2012	
Issuance of capital stock	P			0
Income (Loss) during the period	P	3,080,603	P	544,846
Declarations of cash dividends				0
Retained earnings adjustments				0
Increase (decrease) in equity	P	3,080,603	P	544,846

### IV. Sources and Uses of Cash

The Company's primary source of liquidity is cash provided from investing activities (e.g. interest income). Principal uses of cash are operating expenses and project developments. The Company did not use any debt financing.

A brief summary of cash flow movements is shown below:

Net cash flows provided by (used in) operating activities	P	(15,499,274)	P	(2,990,284)
Net cash flows provided by (used in) investing activities		(39,809,443)		4,512,005
Effects of exchange rate changes		26,766		51,234
Net increase(decrease) in cash and short-term investments	P	(55,281,951)	P	1,572,955

Net cash used in operations for the period is P15.53 million basically refers to administrative expenses for the period adjusted by changes in current assets and current liabilities.

The bulk of the net cash flow provided by investing activities came from interest received amounting to P 7.38 million and dividend received amounting to P 3.13 million.

Management believes that the current levels of internally generated funds and additional capital issuance are needed to meet the Company's immediate future cash needs and current work program commitments.

#### (2.) Discussion and analysis of material events and uncertainties known to management that would address the past and would have an impact on future operations.

- (i) Due to the company's sound financial condition, there is no foreseeable trend or event that may have a material impact on its short-term or long-term liquidity.
- (ii) Sources of liquidity – Funding will be sourced from internally generated cash flow and receipts of subscription payments on stock rights.



- (iii) There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
- (iv) There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the year.
- (v) There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.
- (vi) There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the revenues or income from continuing operations
- (vii) There is no significant element of income not arising from continuing operations.
- (viii) The causes for the material changes in the financial statements from 2010 to 2011 are explained in the management's discussion and analysis of operations, as well as in the accompanying notes to financial statements.
- (ix) There have not been any seasonal aspects that had a material effect on the financial condition or results of the company's operations.

### **(3.) Risk Management and Financial Risk Disclosure**

In compliance with the company's policy on good governance, AGRC continues to identify key risk areas and performance indicators and monitor these factors with due diligence to enable the corporation to participate and prepare for possible threats to its operational and financial viability.

#### Financial Risk Assessment

The Company's principal financial instruments comprise of short-term bank placements (cash and cash equivalents), receivables and available-for-sale financial assets (debt and equity securities). The main risks arising from the use of financial instruments are interest rate risk, foreign exchange risk, liquidity risk and credit risk.

#### Financial Risk Management Practices

Financial risks are managed by the company in a manner commensurate with their complexity and the extent of potential losses. Financial risk management practices are consistent with the nature of an company's operations and permitted financial transactions. Risk management systems in placed are adequate to provide accurate, up-to-date measuring, monitoring, controlling and reporting capabilities. Pricing and risk measurement models used in relation to financial risks are independently reviewed or validated.

#### *Currency Risk*

- Currency risk refers to movement of Philippine Peso against other foreign currencies. Considering that the company maintains minimal foreign currency and has no foreign currency obligations, it is not greatly exposed to said risk. Nonetheless should the company requires foreign currency, the company may enter into forward contracts or foreign currency swap contracts to minimize the risk.

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*Interest Rate Risk*

- Interest rate risk refers to uncertainty borne by an interest-bearing asset, such as a loan or a bond. The company's exposure to said risk results primarily with its investments in various financial instruments. However, with company's diversified portfolio, interest rate risk is minimized.

*Liquidity Risk*

- Liquidity risk is the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss (or make the required profit). The company is not greatly exposed to said risk considering most of its assets is easily convertible to cash, such as bank placements, marketable debt and equity securities. Company ensures appropriate liquidity is available to meet financial commitments as they fall due by maintaining a level of cash and cash equivalents deemed sufficient to finance operations. The company also regularly monitor's and evaluates its cash flow in order to mitigate any liquidity risk.

*Credit Risk*

- Credit risk refers to the risk that a borrower will default in payment. Considering that the company has minimal receivables, it not exposed to so much credit risk. However holding of cash and short-term investments exposes the company to some credit risk. To manage credit risks, the company establishes an appropriately diversified pool of counterparties so as to avoid excessively large exposure to a small set of counterparties.
- The company also applies credit ratings using judgment, and uses the same to supplement, not replace, appropriate risk management where appropriate.

Financial Instruments

The carrying amounts of all financial assets that the company has are as follows:

Financial Assets	Notes	Balance as of March 31, 2013 (PhP)	Qualitative Description	Quantitative Impact
Cash and cash equivalents		943,423,448	Cash equivalents refer to short-term placements in time deposits and SDA in various banks	. <u>Market values.</u> Carrying amount approximates fair value primarily due to the relative short-term maturities of these assets.
Receivables, net		21,147,489	Significant of this amount refers to the pro-rata share on amount due from SC 14 partner who defaulted on payment of its share in the development of the field.	. <u>Currency risk.</u> Sensitivity analysis. The company has less than US\$550,000 currency in its books. With such amount, for every P1 appreciation in Php against US\$ would have increase in income by P\$50,000 and vice versa. This is only .06% change in total assets.
AFS financial assets		90,665,123	These refer to debt, equity securities and RTB's with interest ranging from 4.8% to 7.5%. All these securities are tradeable.	. <u>Liquidity risk.</u> Liquidity ratio is 196:1
Total		1,055,236,060		. <u>Aging of receivables.</u> Based on aging of receivables P9.7M is impaired. Nonetheless, this has already been covered by setting up allowance.

The causes for the material changes in the financial statements from 2013 to 2012 are explained as follows:

Accounts	Jan.1 - Mar. 31, 2013	Jan.1 - Mar. 31, 2012	Change %	% to Total Revenue	
<b>Income Statement</b>					
Interest, net	7,382,333	4,074,431	81%	266%	Increase is due bigger volume of funds contributed by capital increase
Foreign exchange, gain (loss)	26,766	51,234	-48%	1%	Forex gain due to the appreciation of peso against the US Dollar
Others	3,725,384	1,472,267	153%	134%	Increase is due to higher dividend income from stock and preferred shares
Staff Cost	1,796,579	1,819,994	-1%	65%	This account refers to salaries & wages received & accrued during the period by all employees
Other Operating Expenses	5,832,171	2,361,397	147%	210%	Other Operating expense increase primarily on account of taxes & licenses, professional fees, & other meeting expensing brought about by the proposed increase of capitalization

**Disclosure of Effects of Peso Depreciation and Other Current Economic Events:**

- (i) There are no known trends, events or uncertainties that have or are reasonably likely to have a material impact on the registrant's short-term or long-term liquidity.
- (ii) There is no material impact on the internal and external sources of liquidity,
- (iii) There are no known trends, events or uncertainties that have had or are reasonably likely to have a material impact on the net sales or revenues or income from continuing operations.
- (iv) There are no significant elements of income or loss that did not arise from the company's continuing operations.
- (v) There are no material changes from period to period in one or more line items of the company's financial statements.

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## 2013 First Quarter Operations Review

### Petroleum Projects:

(1) **SC-14 North Matinloc**

Cyclic production at the Matinloc Field continued. A total of 2,400 barrels of oil were lifted from the North Matinloc-2 well for the entire quarter. Average production rate for the quarter was 25.81 bopd. Average price per barrel of oil lifted and delivered to Shell is \$97.98.

(2) **SC-14 West Linapacan**

Following the presentation of the results of the of the 3D review and initial interpretations presented during the TCM/OCM of November 26, 2012, Project Operator, Resource Management Associates (RMA) has transmitted to all partners several AFE's and two cash calls as follow up and in relation to the activities they proposed during the last TCM/OCM meeting in November of 2012.

Some of the items like the complimentary reservoir study on West Linapacan B and the study of new plays and leads were questioned by AGRC and some partners because they are not included in the committed work program in the FIA. An informal meeting among farmers initiated by Pitkin was held at Petro Energy office last February 12, 2013 to thresh out farmors' queries which remained unanswered by RMA. It was learned that the determination level of 65% has already been reached and that all farmors are already constrained to reluctantly approve the cash calls and AFE's.

Since the majority approval has already been reached, AGRC has no other recourse but to pay its pro-rata share the cash calls. With the cash calls paid, RMA is now undertaking the reservoir simulation study of WLB structure and they are also pursuing the study of the study on the new leads and plays in the West Linapacan Block. The results of these studies will be presented in the next TCM/OCM together with the results of other technical activities which are covered by the FIA and where AGRC is carried free.

(3) **SC-51 East Visayan Basin**

**NORTH BLOCK:**

Otto presented to the partners the result of the completed 102 kilometers of 2D seismic in the TCM meeting of February 5, 2013. Among the results presented the most important is the location of Duhat-2 well and the volumetric of the calculated oil in place.

Otto Energy informed that its Board has already approved the drilling budget of US\$6.6M for the drilling program which is likely to occur July of 2013. A very much larger rig is being sought for the drilling of Duhat 2 to avoid the debacle of Duhat 1/1A. So far Otto has secured the drilling contracts. A new and revised drilling budget of more than US\$ 8M was presented to the farmers for approval and resolution.

So far, all ground permits have been secured without delay and the drilling is expected to proceed as scheduled in July of 2013.

#### **SOUTH BLOCK:**

The extended option period for Frontier Oil has ended last February 28, 2013, without Frontier exercising their option on SC-51 South Block. As a way forward, Frontier is proposing to conduct an airborne gradiometer (gravity and magnetic) and geochemical imaging (GORE) surveys in the most prospective sectors of the South Block.

The objective of the survey is to mature some of the prospect located further south of Argao structure. They will submit a firm and canvassed budget for the proposed program so that the farmors can determine how much of the farmors' working interest can be assigned to Frontier in payment for their work program.

Should the farmors agree and approve on the working interest for assignment to Frontier, Frontier will then become a part of the SC-51 South Block consortium.

#### **(4) SC-6B Bonita**

During the last quarter of 2012, Philodrill, as previous operator of Bonita, served notice to the Blade, Peak and Venture Operators Group that the farmors are canceling the farm-in agreement. The Filipino partners are now in discussion as to the work program that they will conduct in Bonita.

Unfortunately, DOE has not decided on the reversion of the assigned interest to the failed operators after one of the operators, Peak Oil, questioned the cancellation of the farmin agreement. The case is now languishing without action at the DOE office.

#### **(5) SC-6A Octon**

During the technical presentation made by Pitkin Petroleum during the TCM / OCM held on December 4, 2012, they reported the results of the data reprocessing of the 3D seismic data acquired by Western Geco in 1997. Despite poor data quality Pitkin was able to confirm excellent closures from previous works.

Pitkin was able to present some volumetric which they believe will firm up when the acquisition of the new 3D seismic has been completed. Pitkin presented their 2013 WP&B which amounted to US\$ 4.33M., inclusive of the acquisition of 500 sq. kms of new 3D seismic data.

Depending on the availability of boats and the completion of the project IEC, 3D seismic survey will commence in early 2013 to take advantage of the weather window.

Pitkin also reported on the difficulties they are encountering to get the endorsement and clearance for the 3D seismic survey from the Palawan provincial board.

## **Mineral Projects**

### **(1) Mineral Production Sharing Agreement No. 066-97-VIII - Cement Project, Isabel-Merida, Leyte**

The Company is continuing its efforts in consolidating the sources of the tree seedlings for the tree-planting program which will commence when the wet season begins. The hot summer months definitely prohibit the planting of the seedlings on the designated tree planting site in Barangay Honan in Isabel.

The companies who made the queries on the cement projects during the later part of last year remained reluctant to tender their offers for the project. Despite the soft term that the company is seeking from these potential partners, they remained sluggish and slow with their response.

The Company is now completing the reportorial requisites of the MGB Regional Office after the matrix of reports needed for regular submission was received in Manila. There are no significant developments to report in the field.

### **(2) Mineral Production Sharing Agreement Application No. 039-XIII - Gold Project, Anoling, Agusan Del Sur**

After AGRC received a formal notice from the operator, PHISAGA, that they are no longer pursuing the project development of Anoling; thereby relinquishing the operatorship of the project back to AGRC, AGRC immediately conducted a field audit of the environmental impacts of all PHILSAGA operations. The objective of which is to assess all possible liabilities that the project may incur when it assumed operatorship.

AGRC secured all technical data and reports that PHILSAGA had acquired during their seven years stay as project operator. Currently, AGRC is searching for a way forward in the project amidst the increasing numbers of the illegal small-scale miners encroaching Anoling.

The PHILSAGA tunnels are flooded for quite some time now and devoid of any mine equipment. Security is minimal and being handled temporarily by Bernster. AGRC is now negotiating with a group of mine operators who manifested their interest in assuming the operatorship of Anoling. Already, a due diligence and option agreement had been signed and expected to be completed within the next quarter.

### **(3) Exploration Permit No. 009-2010-V – Copper Gold Project, Oas, Albay**

Project Operator, Bentley Fairview Resources Corporation (BFRC) is in serious negotiation with B2Gold Corporation for the joint development of the copper project.

Bentley has furnished a copy of the final report on the completed the initial exploration surveys to B2Gold. B2Gold is now digesting and assessing the initial survey results and would inform of their decision when completed.

A copy of the report has been furnished to MGB Regional Office No 5 together with the Notice of Area Relinquishment. The relinquishment is a mandatory requirement prior to any renewal of exploration permit larger than 5,000 hectares.

During the quarter, AGRC and Bentley relinquished a portion of the permit area which was determined to be of least potential. A total of 2,295.9483 hectares have been relinquished. The AGRC retention area under MOA with Bentley now totals 3,681.3796 hectares. The unwelcoming attitude of impact barangays were also taken into consideration during the relinquishment process.

In February, MGB-5 approved the relinquishment. The Company now waits for the renewal of the exploration permit.

**(4) Exploration Permit No. 007-2010-VI – Copper Project, Concepcion, Iloilo**

The contract negotiations by and between Vale Exploration Philippines, Inc. dominated the major part of the first quarter. The sudden re-assignment of Vale's Country Manager caused a little delay in the negotiations but everything seemed smoothed out by the time March arrived and ended.

The Sara CENRO suggested a new area for the NGP tree-planting commitment of AGRC. The new Sara CENRO further informed AGRC that there has been a total reversal in the decision of the barangay LGU in Barotac Viejo. AGRC is now more inclined than ever to just make a seedling donation to the barangay concerned as suggested by MGB-6 during the recent business consultations last February of this year.

AGRC also signified its commitment to participate in the national geo-hazard mapping program in the assigned municipality of Ajuy in Iloilo. However, due to the impending mid-term election in May, the company deemed it wiser to defer the conduct of the mapping activities after the election period.

AGRC completed its documentary submissions with respect to its application for the renewal of the exploration permit. The Company is patiently waiting for the renewal of the exploration permit so that it can implement the other peripheral requirements of the CDP, NGP and geohazard mapping.

During the quarter, AGRC is finalizing the schedule for the acceptance and signing of the renewed exploration permit.

**(5) Exploration Permit Application No. 080 – Gold Project, Itogon, Benguet**

The appeal for reconsideration continued to languish at the MGB Central Office in Quezon City awaiting deliberation and resolution.



**(6) Exploration Permit Application No. 175-IVB – Nickel Project  
Aborlan, Palawan**

The appeal for reconsideration remained at the MGB Central Office in Quezon City awaiting deliberation and resolution.

**PART II--OTHER INFORMATION**

Disclosure not made under SEC Form 17-C - None

*[this part is intentionally left blank]*

**SIGNATURES**

Issuer: **COSCO CAPITAL, INC. (Formerly Alcorn Gold Resources Corporation)**

Duly Authorized Representative of the Issuer  
Signature and Title:

  
**LEONARDO B. DAYAO**  
President

Date: April 2013

Duly Authorized Representative of the Issuer  
Signature and Title:

  
**MARY S. DEMETILLO**  
Chief Financial Officer

Date: April 2013

**SECTION A**

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**ALCORN GOLD RESOURCES CORPORATION**  
**INTERIM FINANCIAL STATEMENTS**  
**MARCH 31, 2013 AND 2012**

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*As of March 31, 2013 and December 31, 2012*

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*For the Year Ending March 31, 2013 and 2012*

*For the Quarter Ending March 31, 2013 and 2012*

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*For the Year Ending March 31, 2013 and 2012*

Statement of Cash Flows

*For the Year Ending March 31, 2013 and 2012*

Notes to Financial Statements

**ALCORN GOLD RESOURCES CORP.**

**Balance Sheets**

**As of March 31, 2013 and December 31, 2012 ( Audited)**

**Amount in Pesos**

	March 31, 2013	December 31, 2012 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 3)	943,423,448	998,705,399
Available-for-sale-financial assets (Note 4)	90,665,123	41,002,675
Receivables ( Note 5)	21,147,489	18,616,967
Prepayments and other current assets	7,838,053	2,223,481
<b>Total Current Assets</b>	<b>1,063,074,113</b>	<b>1,060,548,522</b>
Property and equipment ( Note 6)	160,303,090	160,378,421
Deferred cost oil and minerals (Note 7)	150,816,263	150,157,792
Deferred income tax assets	5,075,324	5,075,324
Other assets (Note 8)	2,658,958	2,658,958
<b>Total Noncurrent Assets</b>	<b>318,853,635</b>	<b>318,270,495</b>
	<b>1,381,927,748</b>	<b>1,378,819,017</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>Current Liabilities</b>		
Accrued expenses and other payables	2,576,991	2,548,862
Other current liabilities	443,470	443,471
<b>Total Current Liabilities (Note 9)</b>	<b>3,020,461</b>	<b>2,992,333</b>
<b>Stockholder's Equity</b>		
Capital	1,275,000,000	1,275,000,000
Reserve for fluctuations in value of available-for-sale financial assets	2,623,692	2,623,692
Retained earnings	101,283,595	98,202,992
<b>Total Stockholder's Equity</b>	<b>1,378,907,287</b>	<b>1,375,826,684</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>1,381,927,748</b>	<b>1,378,819,017</b>

Unaudited-For Management Purposes Only. See Accompanying Notes

**ALCORN GOLD RESOURCES CORP.**  
**Statements of Comprehensive Income**  
**For the Three Months Ending March 31, 2013 and 2012**  
**Amount in Pesos**

	<b>Jan. 1 - 31-Mar-13</b>	<b>Jan. 1 - 31-Mar-12</b>
<b>Revenues</b>		
Oil lifting	596,241	-
Interest, net (Note 10)	7,382,333	4,074,431
Foreign exchange gain (loss)	26,766	51,234
Recovery in value of stock investment	-	437,574
Dividend income	3,129,143	613,822
<b>Total Revenues</b>	<b>11,134,483</b>	<b>5,177,061</b>
<b>Cost and Expenses:</b>		
Oil production costs	425,130	-
General and administrative (Notes 11, 12 & 13)		
Personnel costs	1,796,579	1,819,994
Others	5,832,171	2,812,221
	7,628,750	4,632,215
<b>Total Cost and Expenses</b>	<b>8,053,880</b>	<b>4,632,215</b>
<b>Net Income (Loss) for the Year</b>	<b>3,080,603</b>	<b>544,846</b>

Unaudited - For Management Purposes Only. See Accompanying Notes

**ALCORN GOLD RESOURCES CORP.**  
**Statement of Changes in Stockholders' Equity**  
**For the Three Months Ending March 31, 2013 and 2012**  
**Amount in Pesos**

	Capital Stock	Subscribed Capital Stock	Reserve for fluctuations	Retained Earnings	Total
Balance, January 1, 2012	697,140,569	144,415,958	2,794,223	87,433,019	931,783,769
Issuance of capital stock					
Collections of subscriptions					
Net income (loss) for the period				544,846	544,846
Adjustments					
<b>Balance, March 31, 2012</b>	<b>697,140,569</b>	<b>144,415,958</b>	<b>2,794,223</b>	<b>87,977,865</b>	<b>932,328,615</b>
Balance, January 1, 2013	1,275,000,000	-	2,623,692	98,202,992	1,375,826,684
Issuance of capital stock					
Collections of subscriptions					
Net income (loss) for the period				3,080,603	3,080,603
Adjustments					
<b>Balance, March 31, 2013</b>	<b>1,275,000,000</b>	<b>-</b>	<b>2,623,692</b>	<b>101,283,595</b>	<b>1,378,907,287</b>

See accompanying notes  
Unaudited-For Management Purposes Only

**ALCORN GOLD RESOURCES CORP.**  
**Statement of Cash Flows**  
**For the Three Months Ending March 31, 2013 and 2012**  
**Amount in Pesos**

	31-Mar-13	31-Mar-12
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	3,080,603	544,846
Adjustment for:		
Depreciation and amortization	75,331	161,636
Unrealized foreign exchange loss (gain)	(26,766)	(51,234)
Dividend income	(3,129,143)	(437,574)
Interest Income	(7,382,333)	(4,074,431)
Operating loss before working capital changes	(7,382,308)	(3,856,757)
Decrease (increase) in:		
Receivables	(2,530,522)	370,834
Prepaid expenses and other current assets	(5,614,572)	
Increase (decrease) in accrued expenses and other payables	28,128	495,639
Net cash provided by (used in) operating activities	(15,499,274)	(2,990,284)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net disposals (acquisitions ) of available-for-sale financial assets	(49,662,448)	
Decrease (increase) in deferred costs:		
Oil and mineral exploration costs	(658,471)	
Interest received	7,382,333	4,074,431
Dividend received	3,129,143	437,574
Net cash provided by (used in ) investing activities	(39,809,443)	4,512,005
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	26,766	51,234
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(55,281,951)	1,572,955
CASH AND CASH EQUIVALENTS BALANCE AT BEGINNING OF YEAR	998,705,399	540,013,336
<b>CASH AND CASH EQUIVALENTS BALANCE AT END OF YEAR</b>	<b>943,423,448</b>	<b>541,586,291</b>

Unaudited - For Management Purposes Only. See Accompanying Notes



**ALCORN GOLD RESOURCES CORPORATION**  
(Formerly Alcorn Petroleum and Minerals Corporation)

NOTES TO FINANCIAL STATEMENTS  
AS OF MARCH 31, 2013 AND 2012

**Note 1 - Organization and nature of operations**

Alcorn Gold Resources Corporation (the Company or AGRC) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on January 19, 1988 with the primary purpose of engaging in exploration, development and production of oil and gas and metallic and nonmetallic reserves in partnership with other companies or in its individual capacity. The Company's shares of stock are traded in the Philippine Stock Exchange (PSE) since September 26, 1988, the same date the Company attained its status of being a public company.

The Company, together with other participants, entered into Service Contracts (SC) and Geophysical Survey and Exploration Contracts (GSEC) with the Philippine Government through the Department of Energy (DOE). It also entered into Mining Production Sharing Agreement (MPSA) with the Philippine Government through the Department of Environment and Natural Resources (DENR) (see Notes 9 and 21).

On October 8, 1999, the stockholders approved the amendment of the primary purpose from an oil and mineral exploration and development corporation into a holding company so that it may pursue other businesses as opportunity comes. The original primary purpose is now included as one of the secondary purposes of the Company. The SEC approved the amendment on January 13, 2000. AGRC as a holding company, may engage in any business that may add to its shareholders' worth. It is currently conducting studies in various industries that have high potential return such as in minerals, agriculture and power generation and distribution.

On December 10, 2012, in a special meeting, the Board of Directors (BOD) resolved the following:

- To approve, ratify and confirm the subscription of the Lucio L. Co Group to the unissued authorized capital stock of the Company from the increase of the authorized capital stock of AGRC at a subscription price of P15 per share for a total of 4,987,560,379 new shares at an aggregate subscription price of P74,813,405,682 worth of shares in Puregold Price Club, Inc., Ellimac Prime Holdings, Inc., Go Fay & Co., Incorporada, SVF Corporation, Nation Realty, Inc., 118 Holdings, Inc., Patagonia Holdings Corp., Fertuna Holdings Corp., Premier Wine and Spirits, Inc., Montosco Inc., Meritus Prime Distributions, Inc., and Pure Petroleum Corp. (collectively, the "Subsidiaries"), and the corresponding payment thereof by way of assignment of the shares owned by the Lucio L. Co Group in the Subsidiaries, under the terms and conditions to be determined by the Corporation's BOD (The Transaction).
- That the Chairman and the President are authorized to represent the Company to implement and approve any matter related to the Transaction and directed to execute any and all agreements and documents relating to the Transaction, to negotiate, adjust, revise or change relevant conditions, implementation priority and all other relevant matters of the Transaction and sign and file documents which may be required by the SEC, PSE, and other government agencies and to do all actions necessary to comply with the provisions of the

Corporation Code, Securities Regulation Code, and all other rules and regulations relating to the subject matter of this resolution.

- That the Company is authorized to register, if necessary, additional shares with the SEC and to list additional shares with the PSE.

On December 11, 2012, in a special meeting, the stockholders resolved to approve the amendment of the Company's articles of incorporation to increase its authorized capital stock and par value from P3 billion divided into 300 million common shares at a par value of P0.01 per share to P10 billion common shares at a par value of P1 per share. On the same meeting, the stockholders resolved to change the name of the Company to Cosco Capital Inc. and to reorganize and spin-off its oil and mineral assets and operations into a fully-owned subsidiary.

The Company's registered office, which is also its principal place of business, at 2<sup>nd</sup> Floor, Tabacalera Building #2, 900 D. Romualdez Sr. Street, Paco, Manila.

The Company's current major shareholders consist of individual and corporate Filipino investors.

**Note 2 - Basis of financial statement preparation;  
summary of significant accounting policies**

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS includes statements named PFRS and Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC), issued by the Financial Reporting Standards Council (FRSC).

The financial statements have been prepared on the historical costs basis of accounting, except for available-for-sale (AFS) financial assets which are measured at fair value.

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

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the December 31, 2012 Audited Financial Statements.

PFRS 9, Financial Instruments; Classification and Measurement

PFRS 9 (2009) is the first standard issued as part of a wider project to replace PAS 39. PFRS 9 (2009) retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets, amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. The guidance in PAS 39 on impairment of financial assets and hedge accounting continues to apply. Prior periods need not to be restated if an entity adopts the standard for reporting periods beginning before January 1, 2012. PFRS 9

(2010) adds the requirements related to the classification and measurement of financial liabilities, and derecognition of financial assets and liabilities to the version issued in November 2009. It also includes those paragraphs of PAS 39 dealing with how to measure fair value and accounting for derivatives embedded in a contract that contains a host that is not a financial asset, as well as the requirements of Philippine Interpretation – IFRIC 9, Reassessment of Embedded Derivatives. The adoption of PFRS 9 is required for annual periods beginning on or after January 1, 2015.

The Company has not early adopted the above new and revised standards in its 2012 Audited Financial Statements. However, the company has conducted impact evaluation for this interim financial statement using outstanding balance as of December 31, 2012 and the result assessed the impact of the above new and revised standards. After consideration of the result of its impact evaluation, the company has decided not to early adopt either PFRS 9 (2009) or (2010) for its interim financial statements ending March 31, 2013. Discussion of the result of impact study is discussed in Note 15.

**Note 3 - Cash and cash equivalents**

Cash and cash equivalents consist of:

		March 31, 2013		December 31, 2012
Cash on hand	P	10,068	P	10,068
Balances with banks		1,733,485		8,113,747
Short-term placements		941,679,895		990,581,584
Cash and cash equivalents		943,423,448		998,705,399

Cash and cash equivalents decreased by P55 million, since several funds were transferred to long-term maturities to yield higher interests. Short-term placements pertain to the Company's time-deposits with various local banks and branches of foreign banks with maturity of less than 90 days and with earn interest ranging from 2.38% to 2.90%. Bulk of the short-term placements was placements in BSP Special Deposit Account (SDA).

**Note 4 – Available-for-sale financial assets**

Available-for-sale-financial assets consist of:

		March 31, 2013		December 31, 2012
Investment in shares of stock	P	3,590,123	P	3,802,675
Investment in debt securities & temporary placements		87,075,000		37,200,000
	P	90,665,123	P	41,002,675

Available-for-sale financial assets include investment in shares of stocks and investment in debt securities and temporary placements. Investment in shares of stock consists of investment in listed equity securities. Investment in debt securities and temporary placements Retail Treasury Bond, preferred shares and time deposits with annual interest rates ranging from 4.80% to 7.50%. These could be pre-terminated and are readily marketable at the option of the Company.

**Note 5- Receivables**

Receivables consist of:

		March 31, 2013		December 31, 2012
Trade	P	3,194,378	P	3,194,378
Receivables from SC 14 partners		11,556,847		11,786,387
Input Vat		7,257,027		6,574,124
Interest		3,772,283		1,685,433
Officers and employees		156,000		194,026
Insurance				
Others		4,989,458		4,961,124
		30,925,994		28,395,472
Less allowance for doubtful accounts		(9,778,505)		(9,778,505)
		21,147,489	P	18,616,967

Trade Receivables refers to uncollected sales of imported bagged cement in 1997. The Company won two out of five Collections of Money cases filed in the court. All of these trade receivables were fully provided by allowance for doubtful accounts.

Receivables from OPMC represent the Company's pro-rata share (under the Joint Operating Agreement for SC 14) of the default amount due from OPMC as per the Memorandum of Agreement dated December 19, 1997. The MOA stipulates among others that the SC 14 Operator will directly remit the default amount to partners upon resumption of SC 14 oil production. Payment is expected once Galoc production resume. Original amount in US dollar amounting to US\$145,881 was reduced by US\$38,668 which represents shares in Altisima receivable and contingency fund per Purchase & Sale Agreement dated April 30, 2004.

Accounts Receivable-APPI refers to AGRC's share in the consortium fund of SC14, APPI/Philodrill the lead operator of SC14 maintains the books of accounts for the project and sends monthly report on the status and operations of SC 14.

*Aging of Receivables:*

<b>Aging of Account Receivables</b>				
Receivables as of September 30, 2002 include due from the followings:				
Accounts		Balance	Age	
			Less Than 30 days	More Than 60 days
Trade	P	3,194,378		3,194,378
Receivables from SC 14 partners		11,556,847		0
Input Vat		7,257,027		
Interest		3,772,283	3,772,283	
Officers and Employees		156,000		156,000
Others		4,989,459	4,989,459	
Total		30,925,994	8,761,742	3,350,378
Less Allow For doubtful accounts		(9,778,505)		(9,778,505)
Receivables, net	P	21,147,489	8,761,742	-6,428,127

**Note 6 - Property and equipment**

Property and equipment at March 31 consist of:

Cost					
Balance at December 31, 2012	204,955,281	1,973,000	3,939,859	206,115	211,074,255
Additions during the year	0	0			0
Balance March 31, 2013	204,955,281	1,973,000	3,939,859	206,115	211,074,255
Accumulated depletion, depreciation & amortization					
Balance at December 31, 2012	44,917,502	1,933,316	3,638,901	206,115	50,695,834
Charges during the year	0	20,652	54,679	0	75,331
Balance March 31, 2013	44,917,502	1,953,968	3,693,580	206,115	50,771,165
Net Book Value at 03.31.13	160,037,779	19,032	246,279	0	160,303,090
Net Book Value at 12.31.12	160,037,779	39,684	300,958	0	160,378,421

The greater part of the Company's property and equipment is found in the production facilities of the in SC 14 wherein the Company has participating interests (See Note 7).

There are no unusual items or transactions that affect the Property and Equipment balance as of March 31, 2013.

**Note 7 - Deferred costs**

Deferred costs consist of:

		Participating Interest	31-Mar-13	31-Dec-12
Oil exploration costs, net:				
SC 14 –	Block B-1(North Mantinloc)	13.55%	0	0
	Block C ( West Linapacan)	6.12%	53,973,967	53,357,559
	Block C ( Galoc)	1.53%	0	0
	Block D	5.84%	8,011,132	8,011,132
SC 6 – A	North Block	1.57%	600,419	600,419
	Octon Block	1.67%	16,560,191	16,747,071
SC 6-B	(Bonita)	7.03%	5,692,227	5,691,781
SC 51		9.32%	32,815,068	32,809,176
	Other oil projects		527,310	527,310
Deferred Oil Project Costs			118,180,314	117,744,448
Mineral exploration costs:				
	Anoling Gold Project	3.00%	13,807,688	13,726,135
	Cement project	100.00%	9,556,991	9,533,960
	Gold, Nickel & Other mineral projects	100.00%	12,205,729	32,012,278
Deferred Mineral Project Costs			35,570,408	55,272,373
Deferred other project costs			592,120	584,926
Total Deferred Costs			154,342,842	173,601,747
Less Allowance for Impairment			(3,526,579)	(23,443,955)
Grand Total Deferred Costs			150,816,263	150,157,792

As stated in Note 1, the Company, as a member of various consortia, or in its individual capacity, explores and develops oil and gas, metallic and nonmetallic mineral reserves that may be of commercial quantity. It has entered into contractual obligations with the Department of Energy (DOE) and the Department of Environment and Natural Resources, Republic of the Philippines covering different contract areas. These contracts provide for

As stated in Note 1, the Company, as a member of various consortia, or in its individual capacity, explores and develops oil and gas, metallic and nonmetallic mineral reserves that may be of commercial quantity. It has entered into contractual obligations with the Department of Energy (DOE) and the Department of Environment and Natural Resources, Republic of the Philippines covering different contract areas. These contracts provide for

certain minimum work and expenditure obligations and are covered by operating agreements which set forth the participating interests, rights and obligations of the Company.

**Note 8 - Other assets**

Other assets consist of:

		March 31, 2013		Dec. 31, 2012
Retirement Fund	P	2,144,266	P	2,144,266
Security deposits		234,692		234,692
Others (Fontana Resort & Country Club Membership)		280,000		280,000
	P	2,658,958	P	2,658,958

**Note 9 – Liabilities**

Total liabilities consist of the following as of March 31:

		March 31, 2013		December 31, 2012
Accrued expense & other payables	P	2,289,986	P	2,261,859
Accounts Payable Others		287,005		287,003
Total Liabilities	P	2,576,991	P	2,548,862

Current liabilities of the Company as of March 31 refers to obligations to different government agencies such as BIR , SSS, HDMF and Philhealth and accruals of employee benefits.

**Note 10 - Other operating income**

Other operating income for the period ended March 31 consists of:

		2013		2012
Interest Income	P	7,382,333	P	4,074,431
Foreign exchange gain/(loss)		26,766		51,234
Recovery in value of stock investments		0.00		437,574
Others		3,725,384		613,822
	P	11,134,483	P	5,177,061

AGRC posted total revenues of P11.13 million for the first quarter of 2013, revenues increase by P5.9 million, bulk of the increase was due to higher interest income and other income brought about by bigger volume of investments and higher yield.

**Note 11 - Personnel costs**

The account pertains to salaries, bonuses, pension costs and other staff benefits aggregating to P1,796,579 (2012 – P1,819,994).

**Note 12 - Other operating expenses**

Other operating expenses for the period ended March 31 consist of:

Legal & other professional fees	1,293,750	768,380
Office expenses	738,789	534,570
Representation & Transportation	834,564	753,656
Seminars, training & othe meetings	1,279,700	291,789
Taxes and licenses	1,668,248	500
	<u>5,832,171</u>	<u>2,361,397</u>

**Note 13- Provision for write-off**

This account is established when there is objective evidence that the company will not be able to recover deferred costs on particular projects.

**Note 14 - Operating segmental information**

Management has determined the operating segments based on the reports reviewed by the BOD that used to make strategic decisions. The Company is organized in the following business segments:

*(a) Oil exploration*

The Company participates as a major or minor partner in several consortia exploring for oil in various petroleum concession areas. It has no direct competitors for the operations of these projects. The concession areas are found in offshore and onshore areas of Palawan, Visayas and Mindanao. Exploration and development programs are conducted using contractors on a turnkey basis. These contractors bring in their own equipment and supplies. The terms for the concession areas are reviewed annually by DOE and DENR. The concession rights are awarded when the Company commits to work programs for the exploration and development of the area.

*(b) Mineral exploration*

The Company has been involved in the acquisition, exploration, development, financing and management of various mineral properties in the Philippines since 1998. It holds rights to explore, develop and exploit various mineral and gold properties.

Financial information about business segments as recorded in the statements of financial position and statements of comprehensive income as presented below:

For the Quarter Ended March 31, 2013				
	Treasury	Oil	Mineral	Total
Segment results		596,241		596,241
Interest income	7,382,333			7,382,333
Dividend and other income	3,155,909			3,155,909
Other expenses	(7,628,750)	(425,130)		(8,053,880)
Income tax expense				-
	2,909,492	171,111	-	3,080,603

  

For the Quarter Ended March 31, 2012				
	Treasury	Oil	Mineral	Total
Segment results				-
Interest income	4,074,431			4,074,431
Gain on sale of AFS financial assets	437,574			437,574
Dividend and other income	665,056			665,056
Other expenses	(4,632,215)			(4,632,215)
Income tax expense				-
				544,846

**Note 15- PFRS 9 – Result of Impact Evaluation**

The following discusses the quantitative and qualitative result of the impact evaluation on PFRS 9 (2009) or (2010)

The carrying amount of all financial assets that the company has as of December 31, 2012 and March 31, 2013 are as follows:

Financial Assets	Balance as of December 31, 2012	Balance as of March 31, 2013 (Php)	Qualitative Description	Quantitative Impact
Cash and cash equivalents	998,705,399	943,423,448	Cash equivalents refer to short term placements in time deposits and SDA in various banks.	<b>Market values.</b> Carrying amount approximates fair value primarily due to the relative short-term maturities of these assets.
Receivables, net	18,616,967	21,147,489	Receivables refer to pro-rata share on amount due from SC 14 partner who defaulted on payment of its share in the development of the field	<b>Currency risk.</b> Sensitivity analysis. The company has less than US\$550,000 currency in its books. With such amount for every P1 appreciation in Php against US\$



				would have been increase in income by P550,000 and vice versa. This is only .06% change in total assets.
AFS financial assets	41,002,675	90,665,123	These refer to debt, equity securities and RTB's with interest ranging from 4.8% to 7.5%. All these securities are tradeable.	<b>Liquidity risk.</b> Liquidity ratio is 196:1 <b>Aging of receivables:</b> Based on aging of receivables of P9.7M is impaired. Nonetheless, this has already been covered by setting up allowance.
Prepayment & other current assets	2,223,481	7,838,053		
<b>Total</b>	<b>1,060,548,522</b>	<b>1,063,074,113</b>		

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable  
For the assets or liability, either directly (i.e., as prices) or indirectly (i.e. Derived from prices); and
- Level 3: input for the asset or liability that are not based on observable market data  
(unobservable inputs)

As of March 31, 2013	Level 1	Level 2	Level 3	Total
<b>Financial Asset</b>				
AFS financial assets	90,665,123	-	-	90,665,123
<b>As of December 31, 2012</b>				
<b>Financial Asset</b>				
AFS financial assets	41,002,675	-	-	41,002,675
<b>As of December 31, 2011</b>				
<b>Financial Asset</b>				
AFS financial assets	52,083,206	-	-	52,083,206

As of March 31, 2013 and 2012, the Company has no financial instruments valued based on Level 2 and 3.

During the year, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

#### **Note 16 – Others**

There are no issuances, repurchases, and payments of debt and equity securities during the 1st quarter of the year.

There are no dividends paid (aggregate or per share) separately for ordinary shares and other shares issued during the quarter.

There are no changes in the composition of the issuer during the 1<sup>st</sup> quarter period, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructuring, and discontinuing operations.

There are no changes in contingent liabilities or contingent assets since the last annual balance sheet date. Consequently, there are no material contingencies and any other events of transactions that are material to an understanding of the current interim period