COSCO CAPITAL, INC.
2nd Floor, Tabacalera Building 2, 900 D. Romualdez Sr. St.,
Paco, Manila 1007 Philippines
Tel. No.: (632) 524-9236; (632) 524-9238 Fax No.: (632) 524-7452

8 August 2013

PHILIPPINE STOCK EXCHANGE
3rd Floor, Philippine Stock Exchange
Ayala Triangle, Ayala Avenue
Makati City

Attention: **Ms. Janet Encarnacion**
Head, Disclosure Department

GENTLEMEN:

Please see attached revised definitive information statement. Enclosed therewith is the agenda for the stockholders meeting.

Thank you.

Very truly yours,

Atty. Candy H. Dacanay-Datuon
Assistant Corporate Secretary
Corporate Information Officer

COVER SHEET

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SEC Registration Number

COSCO CAPITAL, INC.
FORMERLY:
ALCORN GOLD RESOURCES CORPORATION

(Company's Full Name)

2ND FLOOR, TABACALERA BUILDING 2,
NO. 900 ROMUALDEZ ST., PACO,
MANILA

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

ATTY. CANDY DACANAY-DATUON

(Contact Person)

(02) 523-3055

(Company Telephone Number)

1 2 — *Month*

3 1 — *Day*

SEC FORM 20 IS

(Form Type)

0 8 3 0

(Annual Meeting)

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowing

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please sure BLACK ink for scanning purposes

COSCO CAPITAL, INC.
No. 900 Romualdez St., Paco, Manila
Telephone Number (02) 523-3055

6 August 2013

Securities and Exchange Commission
SEC Building, Greenhills, Mandaluyong City
Metro Manila

Attention: **Justina F. Callangan**
Director, Corporation Finance Department

Philippine Stock Exchange
Ayala Tower, Ayala Avenue, Makati City
Metro Manila

Attention: **Janet Encarnacion**
Head, Disclosure Department

Subject Matter: Definitive Information Statement

Ladies and Gentlemen:

Please see attached Definitive Information Statement of Cosco Capital, Inc. in compliance to your letter dated August 6, 2013.

Thank you.

Very truly yours,

ATTY. CANDY H. DACANAY-DATUON
Assistant Corporate Secretary

Cosco Capital, Inc.
No. 900 Romualdez St., Paco, Manila
523-3055 | 522-8801

TO ALL OUR STOCKHOLDERS:

Notice is hereby given that the **ANNUAL STOCKHOLDERS' MEETING** of **COSCO CAPITAL, INC.** (formerly, Alcorn Gold Resources Corporation) will be held on August 30, 2013, 2:00 p.m. at the Acacia Hotel, Alabang, Muntinlupa City, Metro Manila, with the following Agenda:

1. Call to order
2. Proof of notice and quorum
3. Message of the Chairman and the President
4. Approval of the Minutes of the August 31, 2012 Annual Stockholders' Meeting and December 11, 2012 Special Stockholders' Meeting and ratification of all acts and resolutions of the Board of Directors and Management from the date of the August 31, 2012 Stockholders' Meeting
5. Presentation of the audited financial statements as of December 31, 2012
6. Election of seven (7) directors inclusive of two (2) independent directors
7. Approval of the listing of 1,142,857,143 common shares of Cosco Capital, Inc. subscribed on May 31, 2013 by Lucio L. Co and Susan P. Co through a top-up transaction and waiver of the requirement to conduct a rights or public offering by the majority of the outstanding shares held by the attending minority stockholders pursuant to Section 5, Part A, Article V to the Revised Listing Rules of the Philippine Stock Exchange
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

Stockholders of record as of the close of business on August 5, 2013 are entitled to notice of, and to vote at such meeting. The stock and transfer book of the company will be closed from August 10, 2013 to August 29, 2013.

IF YOU DO NOT EXPECT TO ATTEND THE ANNUAL MEETING, YOU MAY EXECUTE AND RETURN THE PROXY FORM IN THE ENVELOPE PROVIDED FOR THAT PURPOSE TO THE OFFICE OF THE COMPANY AT: **NO. 900 ROMUALDEZ ST., PACO, MANILA, 1007.** THE DEADLINE FOR THE SUBMISSION OF PROXIES IS ON **AUGUST 23, 2013.**

On the day of the meeting, you or your duly designated proxy are hereby required to bring this Notice and any form of identification such as driver's license, passport, company I.D., voter's I.D., or TIN Card to facilitate registration. Registration shall start at 1:00 p.m and will close at 1:45 p.m.

Manila, Philippines.

ATTY. JOSE S. SANTOS, JR.
Corporate Secretary

Securities and Exchange Commission

SEC-CFD
RECEIVED
AUG . 7 2013
BY:
TIME: 3:50pm

SEC FORM 20-IS

Information Statement Pursuant to Section 20 of the
SECURITIES AND REGULATION CODE

1. ( ) Preliminary Information Statement
   (/) Definitive Information Statement

2. **COSCO CAPITAL, INC. (Company)**
   Name of Registrant as specified in its Charter

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

4. **147669**
   SEC Identification Number

5. **000-432-378-000**
   BIR Tax Identification Code

6. **No. 900 Romualdez St., Paco, Manila** — **1007**
   Address of principal office — Postal Code

7. **(632) 523-3055 | 522-8801**
   Registrant's Telephone Number

8. **August 30, 2013, 2PM, at the Acacia Hotel, Alabang, Muntinlupa City**
   Date, time and place of the meeting of the security holders

9. **August 6, 2013**
   Approximate date on which the Information Statement is first to be sent or given to security holders

10. **Leonardo B. Dayao, President, No. 900 Romualdez St., Paco, Manila, (632) 523-3055 or 522-8801**
    In case of proxy solicitations, name of person filing the statement or solicitor, address and telephone number

11. **Outstanding common shares – 7,405,263,564 and no debt**
    Securities registered pursuant to Section 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrant

12. Are any or all registrant's securities listed in a Stock Exchange? Yes.
    5,687,406,421 common shares are listed in the Philippines Stock Exchange

Part 1: Information required in Information Statement

A: General Information

Item 1: A Date : August 30, 2013
Time : 2 PM
Venue : The Acacia Hotel, Alabang, Muntinlupa City
Principal Office: No. 900 Romualdez St., Paco, Manila

B. This Information Statement and the accompanying Proxy forms will be first sent to the stockholders on or before August 15, 2013 in accordance with the Company's By Laws and the Securities and Regulation Code.

Item 2: Dissenter's Right of Appraisal

There are no matters or proposed actions in the Agenda that may give rise to a possible exercise by the shareholders of their appraisal right as provided under Title X of the Corporation Code of the Philippines.

Item 3: Interest of Certain Persons in or Opposition to Matters to be acted upon

(A) Other than election of directors, the following item in the agenda contains interests involving the Chairman, Mr. Lucio L. Co, and his wife, Mrs. Susan P. Co:

Approval of the listing of 1,142,857,143 common shares of Cosco Capital, Inc. subscribed on May 31, 2013 by Lucio L. Co and Susan P. Co through a top-up transaction and waiver of the requirement to conduct a rights or public offering by the majority of the outstanding shares held by the attending minority stockholders pursuant to Section 5, Part A, Article V to the Revised Listing Rules of the Philippine Stock Exchange.

The shares to be listed, once approved, are shares equally owned by Mr. Lucio L. Co and Mrs. Susan P. Co.

(B) No director of the Company has given information in writing that he intends to oppose any action to be taken by the Company at the meeting.

B. Control and Compensation Information

Item 4: Voting Securities and Principals thereof

A. Outstanding shares of the Company as of June 30, 2013: 7,405,263,564. Each share is entitled to one vote.

B. All stockholders as of August 5, 2013 are entitled to notice of, and to vote at, the stockholders meeting.

C. Election of directors shall be held at the Annual Stockholders' Meeting on the date and place as herein stated. It shall be done by majority of stock represented in the meeting, and shall be conducted in the manner provided by Section 24 of the Corporation Code of the Philippines, and with such formalities and in such manner as the presiding officer at the meeting shall then and there determine and provide.

Stockholders entitled to vote at the meeting shall have the right to vote in person or by proxy the number of shares registered in his name in the stock transfer book of the Company for as many persons as there are directors to be elected. Each stockholder shall have the right to cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same cumulative voting principle among as many nominees as he shall see fit; *provided*, that the number of votes cast by a stockholder shall not exceed the number of his shares multiplied by the number of directors to be elected.

Discretionary authority to cumulate vote is not solicited.

D. (1) Security Holders of more than 5%

Title of class: Common share

Name, address of record owner and relationship with issuer	Name of beneficial owner and relationship with record owner	Citizenship	Number of shares held	Percent
Lucio L. Co No. 22 Pili Avenue, Makati City Major stockholder of the issuer	Direct and indirect ownership; indirectly owned shares are with brokers-Strategic Equities, Inc. and Ansaldo Godinez	Filipino	2,293,102,692	31%
Susan P. Co No. 22 Pili Avenue, Makati City Major stockholder of the issuer	Direct ownership and indirect ownership; indirectly owned shares are with brokers, Strategic Equities, Inc. and Ansaldo Godinez	Filipino	1,780,182,230	24%

(2) Security Ownership of Management

Title of Class	Name of beneficial owner	Amount and nature of beneficial ownership	Citizenship	Percent of Class
Common share	Lucio L. Co, Director and Chairman	Total of 2,293,102,692 shares [2,199,037,892 shares are lodged with brokers and 94,064,800 directly under his name]	Filipino	31%
Common	Atty. Eduardo F.	120,000 shares; all direct	Filipino	0.00%

share	Hernandez, Director and Vice-Chairman	shares under his name		
Common share	Leonardo B. Dayao, Director and President	150,984 shares [150,00 shares are directly under his name and 984 shares are lodged with broker]	Filipino	0.00%
Common share	Teofilo A. Henson, Director	52,000 shares; all are directly under his name	Filipino	0.00%
Common share	Robert Y. Cokeng, Director	8,155,000 shares are all lodged with broker	Filipino	0.00%
Common share	Jaime S. Dela Rosa, Independent Director	50,000 shares are all directly under his name	Filipino	0.00%
Common share	Oscar S. Reyes, Independent Director	54,264 shares are all directly under his name	Filipino	0.00%

(3) To the extent known to the Company, there is no person or group of persons holding more than 5% of the common shares by virtue of a voting trust or similar agreement as there has been no voting trust agreement which has been filed with the Company and the Securities and Exchange Commission.

(4) To the extent known to the Company, there is no arrangement which may result in control of the Company.

E. There was no change in control of the Company since the beginning of its last fiscal year.

Item 5: Directors and Executive Officers

(A) (1) There are seven (7) members of the Company's Board of Directors, two (2) of whom are independent directors. All directors are elected during the annual meeting of stockholders for a term of one (1) year and until their successors are elected.

Executive officers are appointed or elected annually by the Board of Directors. Appointed or elected and qualified executive officers hold office until a successor is qualified and elected or appointed.

During the annual stockholders' meeting held on August 31, 2012, the following directors and officers were elected and appointed:

Name	Age	Position
Eduardo F. Hernandez	83	Chairman
Leonardo B. Dayao	69	President
Lucio L. Co	59	Director
Teofilo A. Henson	66	Director
Robert Y. Cokeng	62	Director
Oscar S. Reyes	67	Independent Director
Jaime S. Dela Rosa	69	Independent Director
Jose S. Santos, Jr.	73	Corporate Secretary

During the special stockholders' meeting held on December 11, 2012, the following officers were elected:

Name	Age	Position
Lucio L. Co	59	Chairman
Eduardo F. Hernanddez	83	Vice- Chairman
Leonardo B. Dayao	69	President
Teofilo A. Henson	66	Director
Robert Y. Cokeng	62	Director
Oscar S. Reyes	67	Independent Director
Jaime S. Dela Rosa	69	Independent Director
Jose S. Santos, Jr.	73	Corporate Secretary
Candy H. Dacanay-Datuon	34	Assistant Corporate Secretary

The profile of the incumbent directors and executive officers of the Company, indicating their respective business experience for the past five (5) years, is hereto attached as Annex "F".

(B) There is no director that resigned or declined to stand for election to the board of directors because of any disagreements with the Company on any matter relating to the Company's operations, policies or practices.

Upon recommendation by the Nomination Committee, the following persons were approved by the Board of Directors on July 25, 2013 as nominees for the 2013 election of Board of Directors:

1. Lucio L. Co as regular Director
2. Susan P. Co as regular Director
3. Eduardo F. Hernandez as regular Director
4. Leonardo B. Dayao as regular Director
5. Levi Labra as regular Director
6. Oscar S. Reyes as Independent Director
7. Robert Y. Cokeng as Independent Director

The nominees were formally nominated to the Nomination Committee by Mr. Lucio L. Co and Mr. Leonardo B. Dayao. The nominees accepted their respective nominations. The nominees for independent directors are not related to the Company.

The Nomination Committee pre-screened the qualifications of the nominees and prepared the final list of nominees in accordance with SRC Rule 38 and the By-laws of the Company.

Pursuant to Securities Regulation Code (SRC) Sec. 38 and Rule 38.1, the Company is required to have at least two (2) independent directors. The Company's incumbent independent directors are Mr. Oscar S. Reyes and Mr. Jaime S. Dela Rosa.

The nominees for independent directors were screened in accordance with line with the guidelines on the nominations of independent directors prescribed by SRC Sec. 38 and Rule 38.1 as amended and the Revised Manual on Corporate Governance of the Company. The candidates for independent directors have no relation whatsoever with the nominated directors nor are they employees or consultants of the Company or any of its affiliates. Reyes and Cokeng both possessed the qualifications and none of the disqualifications of an independent director.

No further nominations will be entertained or allowed on the floor during the annual stockholders' meeting.

The nominees are expected to attend the Annual Stockholders' Meeting.

(2) All employees, working together as one workforce, are considered significant in achieving the Company's vision and mission.

(3) The Company's current Chairman, Mr. Lucio L. Co, is the husband of Mrs. Susan P. Co, who is a nominee for 2013 election for Board of Directors.

(4) As of the present, and to the best of Company's knowledge, there are no legal proceedings against the directors and executive officers of the Company within the categories described in SRC Rule 12, Part IV paragraph (A) (4). Particularly, the Company is not aware of the following:

• Any bankruptcy proceedings filed by or against any director or business of which a director, nominee for election as director or executive officer, or control person of the Company is a party or of which any of their property is subject.

• Any director, nominee for election, or executive officer being convicted by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign.

• Any director, nominee for election, or executive officer being subject of any judgment or decree not subsequently reversed, superseded or vacated, by any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement of a director, executive officer, or control person in any type of business, securities, commodities or banking activities.

• Any director, nominee for election, or executive officer being found by a domestic or foreign court of competent jurisdiction (*in a civil action*), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic market place or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

(5) Certain relationships and related transactions

A summary of the Company's significant transaction and balances with related parties for the past three (3) years are as follows:

	2012	2011	2010
Puregold Price Club, Inc.	-0-	-0-	-0-
Notes receivable			
Interest Income			
FVC Land Resources, Inc.		869,087	767,866
Rent Expense			
Officers and Employees Receivables		260,400	440,823

On August 2010, the Company received the full payment of P100,000,000.00 from PPCI as settlement of its promissory note.

The Company has P100 million Notes Receivables from an affiliate, Puregold Price Club, Inc. (PPCI). It represents various promissory notes with an annual interest of a 91-day Treasury Bill rate plus 2.5%, with repricing every 30 days.

PPCI is a supermarket chain currently operating in Metro Manila and Luzon. The fund was used for opening additional stores in Metro Manila. It is an affiliate company through a common officer and director, Leonardo B. Dayao and Lucio L. Co. The majority of the directors, with Director Dayao and Co abstaining from voting, approved a P100 million credit line to PPCI on the basis that the P100 million loan at PPCI will contribute higher income to the Company than traditional bank investments by 3% to 5% per annum.

The company leases its office space with FVC Land Resources, Inc.

Receivables from officers and employees refer to interest bearing company loan which are collected through salary deduction.

(6) Cosco Capital, Inc. owns the following subsidiaries: 51% of Puregold Price Club, Inc. 100% of Premier Wine and Spirits, Inc., Meritus Prime Distributions, Inc., Montosco, Inc., Patagonia Holdings Corp., 118 Holdings, Inc., Fertuna Holdings Corporation, Pure Petroleum Corp., Ellimac Prime Holdings, Inc., SVF Corporation, Nation Realty, Inc., and Go Fay and Co., Incorporada.

Item 6: Compensation of Directors and Executive Officers

The details of the aggregate compensation paid or accrued during the last two years and the ensuing year to be paid to the Chief Executive Officer/Chairman, Lucio L. Co, and to the four (4) most highly compensated executive officers namely, Leonardo B. Dayao, Eduardo Hernandez, Leonie Ramos and Mark Knoll Zamora are as follows:

	2011	2012	2013
CEO and four most highly compensated officers	P6,900,000.00	P6,900,000.00	P6,900,000.00
All other officers as group unnamed	P1,380,792.00	P1,495,853.00	P1,495,853.00

The total annual compensation includes basic pay and other taxable income paid for all services rendered by the above officers to the Company.

Standard Arrangements. Directors receive per diem of Fifteen Thousand Five Hundred Pesos (₱15,500.00) per board and committee meeting.

Other Arrangements. The Company has no other arrangement with regard to the remuneration of its existing directors and officers aside from the compensation received as above stated.

Employment Contracts and Termination of Employment and Change in Control Arrangements. Executive officers are subject to existing Company's policies, rules, regulations and labor laws. Their employment may be terminated for just or authorized caused as provided by labor code.

The executive officers are entitled to receive benefits in accordance with the provisions of the Labor Code and other social legislation.

There is no arrangement with any executive officer to receive any compensation or benefit in case of change–in-control of the Company or change in the officer's responsibilities following such change-in-control.

Item 7: Independent Public Accountants

The External Auditor of the Company for fiscal year 2012 is Manabat Sanagustin & Co. (KPMG). The partner-in-charge is Mr. Ador Mejia. The same firm is being recommended for re-election at the meeting.

Representatives of Manabat Sanagustin & Co. (KPMG) are expected to be present at the stockholders' meeting and will be available to respond to appropriate inquiry from stockholders regarding the 2012 audited financial statements, if any. They will have the opportunity to make statement if they so desire.

The Company has engaged the services of Manabat and Sanagustin, KPMG, since 2008. There were no disagreements with Manabat and Sanagustin, KPMG, on any matter of accounting and/or financial disclosure. In compliance with with SRC Rule 68, (3), (b), (iv) where it states that changes should be made in assignment of external auditor or assigned partner atleast every five (5) years. The Board of Directors will nominate Manabat Sanagustin & Co. KPMG, as recommended by the Audit Committee, as the company's external auditor for 2013 audit.

The Company, for the last two fiscal years, paid Manabat and Sanagustin, KPMG, the total of P660,000.00 as audit fee.

Item 8: Compensation Plans

No action is to be taken related to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

Item 9: Issuance and Exchange of Securities

No action is to be taken with respect to the authorization or issuance of any securities otherwise than for exchange for outstanding securities of the Company.

Item 10: Modification or Exchange of Securities

No action is to be taken with respect to the modification of any class of securities of the Company or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Item 11: Financial and Other Information

The Audited Financial Statements as of December 31, 2012 meeting the requirements of SRC Rule 68, as amended and 68.1, the Statement of Management Responsibility and the Schedules and discussion required under Part IV or Rule 68 and the SEC Form 17-Q as of March 31, 2013 are hereto attached as Annexes "A" and "B".

Item 12: Merger, Consolidation, Acquisition and similar matters

No action is to be taken with respect to any transaction involving merger, consolidation, acquisition of securities, sale or transfer of substantial part of the assets or liquidation of assets of the Company.

Item 13: Acquisition or Disposition of Property

No action is to be taken up in relation to acquisition or disposition of any property.

Item 14: Restatement of Accounts

The accounting policies set out in the attached audited financial statements have been applied consistently to all the years presented.

D. OTHER MATTERS

Item 15: Action with Respect to Reports

The following matters will be submitted for approval of the security holders:

a. Minutes of the August 31, 2012 Annual Stockholders' Meeting and December 11, 2012 Special Stockholders' Meeting and ratification of all acts and resolutions of the Board of Directors and Management from the date of the August 31, 2012 Stockholders' Meeting, hereto attached as Annex I.
b. Election of directors
c. Appointment of external auditor
d. Listing of 1,142,857,143 common shares of Cosco Capital, Inc. with the Philippine Stock Exchange and the waiver of the requirement to conduct a rights or public offering by the majority of the outstanding shares held by the attending minority stockholders pursuant to Section 5, Part A, Article V to the Revised Listing Rules of the Philippine Stock Exchange will be submitted for approval of the security holders

Item 16: Matters Not Required to be Submitted

No action is to be taken with respect to any matter, which is not required to be submitted to a vote of security holders.

Item 17: Amendment of Charter, By-Laws or other Documents

No action is to be taken with respect to amendment of Charter, By-laws and other documents.

Item 18: Other Proposed Action

Other than the election of directors and external auditor, one of the items that will be taken during the meeting and to which approval of the shareholders are required is the listing of 1,142,857,143 common shares of Cosco Capital, Inc. with the Philippine Stock Exchange and the waiver of the requirement to conduct a rights or public offering by the majority of the outstanding shares held by the attending minority stockholders pursuant to Section 5, Part A, Article V to the Revised Listing Rules of the Philippine Stock Exchange.

On May 30, 2013, the Board of the Company, authorized the execution of the International Placing Agreement, the Domestic Placing Agreement, the Subscription Agreement and all other agreements (the "Agreements") in relation to the Placing and Subscription Tranche (the "Transaction"), which is described as follows:

1. The issuance and listing of 4,987,406,421 new shares of the Corporation (the "New Shares") pursuant to the SEC-approved increase of capital stock and share swap;
2. The cross trade at the Philippine Stock Exchange ("PSE") of Puregold Price Club, Inc. shares to the Corporation as consideration for the issuance of the New Shares as described in No. 1 above;
3. The issuance of the New Shares approved for listing shall be issued to the subscribers, the "Lucio Co Group" (Lucio L. Co, Susan P. Co, Ferdinand Vincent P. Co, Pamela Justine P. Co, Camille Clarisse P. Co,

Katrina Marie P. Co, Leonardo B. Dayao, Jose Paulino Santamarina, Baby Gerlie I. Sacro, KMC Realty Corporation, VFC Land Resources, Inc., SPC Resources, Inc., 118 Holdings, Inc., and Invesco Company, Inc.), pursuant to the share swap; and

4. The special block sale of 1,600,000,000 common shares of the Corporation to be placed to Qualified Institutional Buyers will be transacted at the PSE (the "Offer") by Lucio L. Co and Susan P. Co as Selling Shareholders and the subscription by Lucio L. Co and Susan P. Co and the issuance of new shares of 1,142,857,143 common shares of the Corporation at the same price as those sold in the Offer ("Subscription Shares").

The Agreements were executed on the same day, May 30, 2013.

The Company announced on May 31, 2013 with the Philippine Stock Exchange ("PSE") the successful pricing of its PHP16.8 billion offering (the "Offering") of 1,600,000,000 common shares at an offer price of PHP10.50 per share.

The Transaction includes the sale of 1,142,857,143 primary shares for PHP12 billion, and the remaining consists of secondary shares worth PHP4.8 billion. The Offering is in conjunction with the issuance and listing of 4,987,406,421 new shares of the Company pursuant to the SEC-approved increase of capital stock and share swap.

The Company intends to use the net proceeds from the Offering for further development of its commercial real estate business, debt refinancing, expansion into non-food specialty retail businesses and growth of its liquor distribution business.

On July 25, 2013, the Board of Directors approved the listing of 1,142,857,143 common shares of Cosco Capital, Inc. in the name of Mr. Lucio L. Co and Susan P. Co.

Item 19: Voting Procedures

All matters subject to vote, except in cases where the law provides otherwise, shall be decided by the affirmative majority vote of stockholders present in person or by proxy and entitled to vote thereat, provided a quorum is present.

For election of directors, a shareholder may vote such number of shares for as many persons as there are for directors to be elected. The shareholder may also cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares owned or the shareholder may distribute them on the same principle among as many candidates as they see fit.

Except in cases where voting by ballot is requested, voting and counting shall be by *viva voce*. If by ballot, each ballot shall be signed by the shareholder voting, or in his name by his proxy if there be such proxy, and shall state the number of shares voted by him. Such stockholder may or may not cumulate his votes. The counting thereof shall be supervised by the transfer agent, RCBC Trust, G/F West Wing Grepalife Building, 221 Sen. Gil Puyat Avenue, Makati City, telephone no. (632) 892-0426.

PART II

INFORMATION REQUIRED IN A PROXY FORM

Item 1. Solicitor. The following proxies are being secured for the benefit of the Company. The Company has designated its President, Mr. Leonardo B. Dayao, as the person who shall vote the proxies gathered by the Company. The proxy form is intended to facilitate representation by stockholders and will be used for voting at the 2013 Annual Meeting of Stockholders to be held at the Acacia Hotel, Alabang, Muntinlupa City, on the date and time and place stated above and in the Notice accompanying this Information Statement and at any postponements or adjournments thereof.

Item 2. Instructions. The Proxy Form, must be properly signed, dated and returned by the stockholder on or before August 23, 2013. Validation of proxies will be held at the Company's principal office on August 26, 2013, 10:00 a.m. For corporate shareholders, the proxy form must be accompanied by a corresponding secretary's certificate confirming the authority of the person executing the proxy.

Validated proxies will be voted at the meeting in accordance with the authority and/or instructions of the stockholder expressed therein. Proxies which are not properly signed and dated, or which are received late, or which do not have an accompanying secretary's certificate (for corporate shareholders) shall not be voted at the meeting.

Subject to a stockholder's right to revoke his own proxy as stated in Item 3 below, the proxy given by a stockholder shall be voted by the Company's President, Mr. Leonardo B. Dayao, in his absence, by the Chairman of the Board, Mr. Lucio L. Co, with full power of substitution and delegation, in accordance with the authorization specifically granted by the stockholder.

If no specific authority and/or instruction is made in the Proxy Form, the shares of the stockholder will be voted FOR ALL the nominee directors named in the Proxy Form and FOR THE APPROVAL of all the matters stated in the Proxy Form and all other matters for which stockholders' approval may be sought in the Meeting and at any postponements or adjournments thereof.

Item 3. Revocability of Proxy. A stockholder giving a proxy has the power to revoke it at any time before the right granted under and by virtue of such proxy is exercised, either: (a) by submitting a sworn statement revoking such proxy on or before August 26, 2013; or, (b) by appearing at the Meeting in person and expressing his intention to vote in person.

Item 4. Persons Making the Solicitation. The Company is soliciting proxies. The proxy form is intended to facilitate representation by stockholders and will be used for voting at the 2013 Annual Meeting of Stockholders to be held on the date and time and place stated above and in the Information Statement, and at any postponements or adjournments thereof.

As of the date the Information Statement and this Proxy Form are sent to stockholders of record, NO director has informed the Company in writing that he opposes any action intended to be taken by the Company at the Meeting.

There are NO other participants in the solicitation of proxies through this Information Statement.

The proxy forms will be sent to stockholders mainly through the mail. Incidental solicitation in person or through telephone reminding stockholders to attend the meeting may be made by the directors, officers and employees of the Company, for which no arrangement are or will be made and no compensation will be paid for such incidental solicitation.

The Company will bear the cost of preparing, collating and delivering to stockholders the Information Statement, the Proxy Form and the accompanying materials and the Company estimates expenditures not exceeding PHP 1,000,000.00.

Item 5. Interest of Certain Persons in Matters to be Acted Upon. Other than the election of directors, one of the matters to be acted upon during the Annual Stockholders Meeting is approval of the listing of 1,142,857,143 common shares of Cosco Capital, Inc. issued to major stockholders, Mr. Lucio L. Co and Mrs. Susan P. Co, through a top-up transaction executed on May 31, 2013, and the waiver of the requirement to conduct a rights or public offering by the majority of the outstanding shares held by the attending minority stockholders pursuant to Section 5, Part A, Article V to the Revised Listing Rules of the Philippine Stock Exchange. Mr. Lucio L. Co is currently the Chairman of the Company and Mrs. Susan P. Co is a nominee for the election of Board of Directors.

PART III

SIGNATURE PAGE

After reasonable inquiry, and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct.

This report is signed in the City of Manila on the 6th day of August 2013.

COSCO CAPITAL, INC.

BY:

LEONARDO B. DAYAO
President

JOSE S. SANTOS, JR.
Corporate Secretary

UNDERTAKING

The company shall provide without charge to each stockholder, a copy of its Annual Report or SEC Form 17-A, upon written request of such person addressed to the Office of the Corporate Secretary.

COSCO CAPITAL, INC.

BY:

JOSE S. SANTOS, JR.
Corporate Secretary

PROXY FORM

Date:____________

The undersigned hereby appoints ________________ or, in his absence, ________________, with full power of substitution and delegation, as proxy to vote all the shares of the undersigned at the 2013 Annual Stockholders' Meeting of **COSCO CAPITAL, INC.** to be held on **August 30, 2013, 2PM, at the Acacia Hotel, Alabang, Muntinlupa City**, and at any postponements or adjournments thereof.

The proxy shall vote subject to the instructions indicated below and the proxy is authorized to vote in his discretion on other business as may properly come at the Meeting and any postponements or adjournment thereof. Where no specific authority is clearly indicated below, the proxy shall vote and shall be deemed authorized to vote **FOR THE APPROVAL** of all the corporate matters listed below, and **FOR ALL** the nominated directors named below.

Corporate Matters:

	FOR	AGAINST	ABSTAIN
Approval of the Minutes of the August 31, 2012 Annual Stockholders' Meeting and December 11, 2012 Special Stockholders' Meeting and ratification of all acts and resolutions of the Board of Directors and Management from the date of the August 31, 2012 Stockholders' Meeting			
Approval of the listing of 1,142,857,143 common shares of Cosco Capital, Inc. subscribed on May 31, 2013 by Lucio L. Co and Susan P. Co through a top-up transaction and waiver of the requirement to conduct a rights or public offering by the majority of the outstanding shares held by the attending minority stockholders pursuant to Section 5, Part A, Article V to the Revised Listing Rules of the Philippine Stock Exchange			
Appointment of Manabat Sanagustin & Company, KPMG, as Independent External Auditor			

Election of Directors

Nominees	FOR	AGAINST	ABSTAIN
Lucio L. Co			
Susan P. Co			
Leonardo B. Dayao			
Eduardo F. Hernandez			
Levi Labra			
Oscar S. Reyes (Independent Director)			
Robert Y. Cokeng (independent Director)			

Printed Name of Stockholder **Signature of Authorized Representative**

For corporate shareholders, the proxy form must be accompanied by a corresponding secretary's certificate confirming the appointment of the proxy and the authority of the person signing the proxy.

Attachments to SEC 20-IS dated July 30, 2013
Cosco Capital, Inc.

Annex	Document
A	Consolidated Audited Financial Statement as of December 2012 (SEC 17-A)
B	Unaudited Financial Statement as of March 31, 2013 (SEC 17-Q)
C	Information concerning disagreements with accountants
D	Management Discussion and Analysis or Plan of Operation
E	Brief description of the general nature and scope of the business of the Company and the subsidiaries
F	Directors and Executive Officers
G	Market Price and Dividends
H	Compliance with leading practices on corporate governance
I	Summary of resolutions issued by the Board of Directors

ANNEX "A"

COVER SHEET

S.E.C. Registration Number

ALCORN GOLD RESOURCES CORPORATION

(Company's Full Name)

2nd Floor, Tabacalera Building #2, 900 D. Romualdez Sr. Street, Paco, Manila

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

Maryknoll B. Zamora	524-9236
Contact Person	Company Telephone Number

12	31	AAFFS		
Month	*Day*	FORM TYPE	*Month*	*Day*
			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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ALCORN GOLD RESOURCES CORPORATION

FINANCIAL STATEMENTS
December 31, 2012 and 2011

ALCORN GOLD RESOURCES CORPORATION
2nd Floor, Tabacalera Building 2, 900 D. Romualdez Sr. St., Paco, Manila 1007 Philippines
Tel No.: (632) 524-9236; (632) 524-9238 Fax No: (632) 524-7452
Website Address: http://alcorngold.tripod.com E-Mail: agrc@info.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Alcorn Gold Resources Corporation (the "Company"), is responsible for the preparation and fair presentation of the financial statements as at and for the years ended December 31, 2012 and 2011, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

Manabat Sanagustin & Co., CPAs, the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature ____________________
LUCIO L. CO / Chairman of the Board

Signature ____________________
LEONARDO B. DAYAO / President

Signature ____________________
MARY S. DEMETILLO / Chief Financial Officer

Signed this 25th day of February 2013

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BRANCH CODE 010-10
Teller No. ___ Teller's Initial ___

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Manabat Sanagustin & Co., CPAs
The KPMG Center, 9/F
6787 Ayala Avenue
Makati City 1226, Metro Manila, Philippines

Telephone +63 (2) 885 7000
Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
E-Mail manila@kpmg.com.ph

Branches: Bacolod · Cebu · Iloilo · Subic

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Alcorn Gold Resources Corporation
2nd Floor, Tabacalera Building #2
900 D. Romualdez Sr. Street, Paco, Manila

Report on the Financial Statements

We have audited the accompanying financial statements of Alcorn Gold Resources Corporation, which comprise the statements of financial position as at December 31, 2012 and 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2012, 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 about whether the 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 a basis for our audit opinion.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Alcorn Gold Resources Corporation as at December 31, 2012 and 2011, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2012 in accordance with Philippine Financial Reporting Standards.

Report on the Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010 and RR No. 19-2011 of the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 22 to the basic financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

MANABAT SANAGUSTIN & CO., CPAs

ADOR C. MEJIA
Partner
CPA License No. 0029620
SEC Accreditation No. 0464-AR-1, Group A, valid until March 17, 2013
Tax Identification No. 112-071-634
BIR Accreditation No. 08-001987-10-2010
Issued June 30, 2010; valid until June 29, 2013
PTR No. 3669522MC
Issued January 2, 2013 at Makati City

February 25, 2013
Makati City, Metro Manila

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ALCORN GOLD RESOURCES CORPORATION
STATEMENTS OF FINANCIAL POSITION

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	Note	December 31 2012	2011
ASSETS			
Current Assets			
Cash and cash equivalents	*4, 5, 19, 20*	**P998,705,399**	P540,013,336
Receivables - net	*6, 17, 19, 20*	**18,616,967**	17,104,752
Available-for-sale financial assets	*4, 7, 19,20*	**41,002,675**	52,083,206
Prepaid expenses and other current assets		**2,223,481**	1,366,503
Total Current Assets		**1,060,548,522**	610,567,797
Noncurrent Assets			
Property and equipment - net	*8*	**160,378,421**	161,250,909
Deferred oil and mineral exploration costs	*9*	**150,157,792**	153,882,280
Deferred tax assets - net	*16*	**5,075,324**	4,773,182
Other noncurrent assets	*10, 14, 15, 19, 20*	**2,658,958**	3,923,671
Total Noncurrent Assets		**318,270,495**	323,830,042
		P1,378,819,017	P934,397,839
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other current payables	*4, 11, 19, 20*	**P2,548,862**	P2,135,882
Income tax payable	*4*	**443,471**	478,188
Total Current Liabilities		**2,992,333**	2,614,070
Equity			
Capital stock	*12*	**1,275,000,000**	841,556,527
Reserve for changes in value of available-for-sale financial assets	*7*	**2,623,692**	2,794,223
Retained earnings		**98,202,992**	87,433,019
Total Equity		**1,375,826,684**	931,783,769
		P1,378,819,017	P934,397,839

See Notes to the Financial Statements.

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ALCORN GOLD RESOURCES CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2012**	2011	2010
REVENUE				
Interest income from bank deposits and short-term placements	*4, 5*	**P16,362,524**	P15,179,409	P14,281,143
Gain on sale of available-for-sale financial assets	*4, 7*	**9,517,791**	11,950,332	15,682,205
Production lifting revenue	*4*	**4,139,787**	5,810,582	10,048,535
Dividend and other income	*4*	**3,134,026**	3,031,973	3,422,920
Foreign exchange gain - net	*4, 20*	-	587,453	-
Interest income from notes receivable	*4, 17*	-	-	4,809,785
		33,154,128	36,559,749	48,244,588
EXPENSES				
Staff costs	*18*	**7,597,961**	7,457,654	14,104,247
Provision for unrecoverable deferred mineral exploration costs	*9*	**3,526,579**	2,940,234	3,805,431
Transportation and communication		**3,503,738**	3,673,758	2,360,095
Legal, professional and other fees		**2,582,623**	2,594,231	2,349,011
Oil exploration		**1,428,763**	4,092,155	3,257,990
Rent	*15, 17*	**924,888**	869,087	767,866
Foreign exchange loss - net	*20*	**601,891**	-	3,676,195
Depreciation and amortization	*8*	**487,529**	666,738	760,257
Membership fees		**311,560**	281,100	345,644
Repairs and maintenance		**268,589**	269,917	199,165
Taxes and licenses		**229,760**	232,785	5,172,409
Utilities		**214,272**	245,205	325,048
Representation and entertainment		**109,553**	135,797	770,787
Impairment loss on receivables		-	-	934,505
Others		**577,151**	881,367	1,568,791
		22,364,857	24,340,028	40,397,441
INCOME BEFORE INCOME TAX		**10,789,271**	12,219,721	7,847,147
INCOME TAX EXPENSE (BENEFIT)	*16*	**19,298**	1,233,467	(1,704,103)
NET INCOME		**10,769,973**	10,986,254	9,551,250
(LOSS) RECOVERY IN VALUE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS - Net of tax	*7*	**(170,531)**	1,955,750	1,364,217
TOTAL COMPREHENSIVE INCOME		**P10,599,442**	P12,942,004	P10,915,467
Earnings Per Share - Basic and Diluted	*13*	**P0.0000845**	P0.0000862	P0.0000750

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See Notes to the Financial Statements.

ALCORN GOLD RESOURCES CORPORATION
STATEMENTS OF CHANGES IN EQUITY

	Note	2012	2011	2010
		Years Ended December 31		
CAPITAL STOCK - P0.01 par value	12			
Authorized - 300,000,000,000 shares				
Issued and outstanding				
2012 - 127,500,000,000 shares				
2011 - 69,714,056,900 shares				
2010 - 62,186,423,300 shares				
Balance at beginning of year		**P697,140,569**	P621,864,233	P597,984,800
Issuance during the year		**577,859,431**	75,276,336	23,879,433
Balance at end of year		**1,275,000,000**	697,140,569	621,864,233
Subscribed				
2011 - 57,785,943,099 shares, net of subscriptions receivable of P433,443,473				
2010 - 65,112,056,727 shares, net of subscriptions receivable of P487,908,400		-	144,415,958	163,212,167
Balance at end of year		**1,275,000,000**	841,556,527	785,076,400
RESERVE FOR CHANGES IN VALUE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS				
Balance at beginning of year		**2,794,223**	838,473	(525,744)
Fair value gain (loss)		**(170,531)**	1,955,750	1,364,217
Balance at end of year	7	**2,623,692**	2,794,223	838,473
RETAINED EARNINGS				
Balance at beginning of year		**87,433,019**	76,446,765	66,895,515
Net income for the year		**10,769,973**	10,986,254	9,551,250
Balance at end of year		**98,202,992**	87,433,019	76,446,765
		P1,375,826,684	P931,783,769	P862,361,638

See Notes to the Financial Statements.

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ALCORN GOLD RESOURCES CORPORATION
STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2012**	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P10,789,271**	P12,219,721	P7,847,147
Adjustments for:				
Provision for unrecoverable deferred mineral exploration costs	9	**3,526,579**	2,940,234	3,805,431
Retirement benefits cost	14	**1,275,708**	134,450	6,314,490
Unrealized foreign exchange loss (gain)		**601,891**	(587,453)	1,013,452
Depreciation and amortization	8	**487,529**	666,738	760,257
Impairment loss on receivables		**-**	-	934,505
Gain on disposal of property and equipment		**(465,995)**	-	-
Dividend income		**(1,307,078)**	(2,984,973)	(3,124,879)
Gain on sale of available-for-sale financial assets	7	**(9,517,791)**	(11,950,332)	(15,682,205)
Interest income	4, 5,17	**(16,362,524)**	(15,179,409)	(19,090,928)
Operating loss before working capital changes		**(10,972,410)**	(14,741,024)	(17,222,730)
Decrease (increase) in:				
Receivables		**(1,512,215)**	(1,024,551)	97,623,610
Prepaid expenses and other current assets		**(856,978)**	79,111	(66,725)
Increase in accrued expenses and other payables		**412,980**	672,376	656,597
Cash generated from (absorbed by) operations		**(12,928,623)**	(15,014,088)	80,990,752
Retirement fund contribution		**-**	-	(6,270,740)
Income tax paid		**(356,157)**	(527,550)	(739,419)
Net cash provided by (used in) operating activities		**(13,284,780)**	(15,541,638)	73,980,593

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	Note	Years Ended December 31 2012	 2011	 2010
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	8	**(P38,635)**	(P207,039)	(P64,348)
Net (acquisition) disposals of available-for-sale financial assets	7	**(139,090,000)**	-	44,655,052
Decrease (increase) in deferred costs:				
Oil exploration		**(258,275)**	(445,114)	(3,266,042)
Mineral exploration and others		**603,273**	1,898,466	(3,965,165)
Proceeds from sale of available-for-sale financial assets		**159,517,791**	132,238,868	-
Interest received		**16,362,524**	14,932,341	19,090,928
Dividend received		**1,307,078**	2,984,973	3,124,879
Proceeds from disposal of property and equipment		**742,500**	-	-
Additions in security deposit	10	**(10,995)**	(10,471)	-
Net cash provided by investing activities		**39,135,261**	151,392,024	59,575,304
CASH FLOWS FROM A FINANCING ACTIVITY				
Proceeds from subscriptions on shares of stock		**433,443,473**	56,480,127	187,091,600
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(601,891)**	587,453	(1,013,452)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**458,692,063**	192,917,966	319,634,045
CASH AND CASH EQUIVALENTS BALANCE AT BEGINNING OF YEAR	5	**540,013,336**	347,095,370	27,461,325
CASH AND CASH EQUIVALENTS BALANCE AT END OF YEAR	5	**P998,705,399**	P540,013,336	P347,095,370

See Notes to the Financial Statements.

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ALCORN GOLD RESOURCES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

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 2nd Floor, Tabacalera Building #2, 900 D. Romualdez Sr. Street, Paco, Manila.

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

2. Basis of Preparation

Statement of Compliance

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 of the Company as at and for the year ended December 31, 2012 were reviewed and approved by the Audit Committee, and authorized for issuance by the BOD on February 25, 2013.

Basis of Measurement

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

Functional and Presentation Currency

The financial statements are presented in Philippine peso, which is also the Company's functional currency. All financial information expressed in Philippine peso has been rounded off to the nearest peso, except when otherwise indicated.

Use of Estimates and Judgments

The preparation of the financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the financial statements at the reporting date. However, uncertainty about their judgments, estimates and assumptions could result in outcome that could require a material adjustment to the carrying amount of the asset or liability in the future.

Judgments and estimates are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgment and estimates are revised and in any future periods affected.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgment apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency has been determined to be the Philippine peso. It is the currency that mainly influences the normal operations of the Company.

Evaluating Lease Agreements

The Company entered into a lease agreement as lessee. The Company had determined that the lessor retains all significant risks and rewards of ownership of the property which is leased out under operating lease agreement.

Rent expense pertaining to the leased property amounted to P924,888, P869,087 and P767,866 in 2012, 2011 and 2010, respectively (see Note 15).

Estimates

The key estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from these estimates:

Estimated Allowance for Impairment Losses on Receivables

Provisions are made for specific and group accounts, where objective evidence of impairment exists. The Company evaluates these accounts on the basis of factors that affect the collectibility of the accounts. These factors include but are not limited to the length of the Company's relationship with the customers and counterparties, credit status based on third party credit reports and known market forces, average age of accounts, collection experience and historical experience. The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different methodologies. An increase in allowance for impairment losses would increase the recorded expense and decrease current assets.

The allowance for impairment losses on receivables amounted to P9,778,505 as at December 31, 2012 and 2011. The carrying amount of receivables amounted to P18,616,967 and P17,104,752 as at December 31, 2012 and 2011, respectively (see Note 6).

Estimated Allowance for Impairment Losses on AFS Financial Assets

The Company in accordance with PFRS determines when an AFS financial asset is impaired. This determination requires significant judgment. In making this judgment the Company evaluates, among other factors the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance changes in technology and operational and financing cash flow.

If all of the declines in fair value below cost were considered significant or prolonged, the Company would suffer an additional loss in its financial statements by transferring the accumulated fair value adjustments recognized in equity on the impaired AFS financial assets to profit or loss. As at December 31, 2012, management believes that changes in fair values as quoted in the market of traded securities remain temporary. Accordingly, no permanent impairment is required to be recognized.

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The aggregate fair market values of AFS financial assets amounted to P3,802,675 and P3,973,206, which resulted to cumulative changes in fair value amounting to P2,623,692 and P2,794,223 as at December 31, 2012 and 2011, respectively. Investment in debt securities amounted to P37,200,000 and P48,110,000 as at December 31, 2012 and 2011, respectively (see Note 7).

Estimated Useful Lives of Property and Equipment
The Company 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 the expectations differ from the previous estimates due to physical wear and tear and technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of 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 that future financial performance could be materially affected by changes in estimates brought about by changes in the factors mentioned. The amount and timing of recorded expense for any period would be affected by changes in this factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase the recorded depreciation and amortization expenses and decrease noncurrent assets.

The carrying amount of property and equipment net of accumulated depreciation and amortization as at December 31, 2012 and 2011 amounted to P160,378,421 and P161,250,909, respectively (see Note 8).

Estimation of Reserves
Oil and mineral reserves are key elements in the Company's investment decision making process. They are also an important element in the Company's impairment testing. Changes in proven oil and mineral reserve will affect the standardized measure of discounted cash flows and the unit-of-production depletion charges to profit or loss.

Proven oil reserves are the estimated quantities of crude oil which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimates are made. Proven developed reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods.

Proven mineral reserves are the economically mineable part of a measured mineral resource. It includes diluting materials and allowance for losses which may occur when the material is mined. Appropriate assessment, which includes a pre-feasibility study, at the minimum, have been carried out, and include consideration of, and modification of, realistically assumed mining, metallurgical, economic, marketing, legal environment, social and government factors. These assessments demonstrate that extraction could reasonably be adjusted at the reporting date.

Estimates of oil and mineral reserves are inherently imprecise, require the application of judgment and are subject to future revision. Accordingly, financial and accounting measures (such as the standardized measure of discounted cash flows, depletion, and decommissioning provisions) that are based on proven developed reserves are also subject to change.

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Proven developed oil reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. Proven developed reserve estimates are attributed to future development projects only where there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. Furthermore, estimated proven developed reserves only include volumes for which access to market is assured with reasonable certainty. All proven developed reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans.

In general, estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. As a field goes into production, the estimated amount of proven reserves will be subject to future revisions once additional information becomes available through, for example, the drilling of additional wells or the observation of long-term reservoir performance under producing conditions. As those fields are further developed, new information may lead to revisions in estimates (see Note 9).

Impairment of Non-financial Assets
PFRS require that an impairment review be performed on property and equipment and deferred oil and mineral exploration costs when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determining the recoverable amount of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. While it is believed that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse impact on financial performance.

Accumulated impairment losses recognized on non-financial assets for the years ended December 31, 2012 and 2011 amounted to P23,443,955 and P19,917,376, respectively. The aggregate amount of property and equipment and deferred oil and mineral exploration costs amounted to P310,536,213 and P315,133,189 as at December 31, 2012 and 2011, respectively (see Notes 8 and 9).

Estimated Realizability of Deferred Tax Assets
The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The Company's assessment on the recognition of deferred tax assets as deductible temporary difference is based on the projected taxable income in the following periods.

As at December 31, 2012 and 2011, the amount of deferred tax assets recognized in the statements of financial position amounted to P5,075,324 and P4,773,182, respectively. As at December 31, 2012 and 2011, temporary differences and carryforward benefits of allowance for impairment losses for unrecoverable deferred oil and mineral exploration costs, minimum corporate income tax (MCIT) and net operating loss carryover (NOLCO) where no deferred tax assets have been recognized amounted to P32,848,737 and P27,482,345, respectively (see Note 16).

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Retirement Benefit Obligations
The determination of the Company's retirement benefit obligation and cost of retirement benefits depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions are described in Note 14 to the financial statements include, discount rate, expected return on plan assets and future salary increase rate. Actual results that differ from the assumptions are accumulated and amortized over further periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

While management believes that these assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect retirement obligations.

The Company has no unrecognized actuarial gains or losses on defined benefit obligation as at December 31, 2012 and 2011 (see Note 14).

Provision and Contingencies
The Company, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risk and uncertainties into account.

No provision for probable losses arising from legal contingencies was recognized in the Company's financial statements for the years ended December 31, 2012 and 2011.

Asset Retirement Obligation
Determining asset retirement obligation requires estimation of the cost of dismantling property and equipment and other costs of restoring the leased properties to their original condition. The asset retirement obligation is shouldered by the Contractor. As a result, the Consortium allots certain amount from the proceeds of the production lifting revenue to fund the dismantling and restoration of leased properties. The Company has no significant asset retirement obligation as at December 31, 2012 and 2011.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, and have been applied consistently by the Company, except for the changes in accounting policies as explained below.

Adoption of New and Revised Standards, Amendments to Standards and Interpretations
The FRSC approved the adoption of a number of new and revised standard, amendments to standards, and interpretations (based on IFRIC Interpretations) as part of PFRS.

Adopted Effective January 1, 2012
The Company has adopted the amendments to PFRS 7 below starting January 1, 2012 and accordingly, changed its accounting policies.

- *Disclosures - Transfers of Financial Assets (Amendments to PFRS 7, Financial Instrument Disclosures)*, require additional disclosures about transfers of financial assets. The amendments require disclosure of information that enables users of financial statements to understand the relationship between transferred financial assets that are not derecognized in their entirety and the associated liabilities; and to evaluate the nature of, and risks associated with, the entity's continuing involvement in derecognized financial assets.

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The adoption of these amendments to PFRS 7 did not have any significant impact on the Company's financial statements. Additional disclosures required by the amendments to standards were included in the financial statements, where applicable.

New and Revised Standards, Amendments to Standards and Interpretations Not Yet Adopted

A number of new and revised standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2012, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except for PFRS 9, *Financial Instruments*, which becomes mandatory for the Company's 2015 financial statements and could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

The Company will adopt the following new and revised standards, amendments to standards and interpretations in the respective effective dates:

- Presentation of Items of Other Comprehensive Income *(Amendments to PAS 1, Presentation of Financial Statements)*. The amendments: (a) require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss; (b) do not change the existing option to present profit or loss and other comprehensive income in two statements; and (c) change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, an entity is still allowed to use other titles. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other PFRSs continue to apply in this regard. These amendments are effective for annual periods beginning on or after July 1, 2012 with earlier application permitted and are applied retrospectively.

- *Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to PFRS 7, Financial Instrument Disclosures)*. These amendments include minimum disclosure requirements related to financial assets and financial liabilities that are offset in the statement of financial position or subject to enforceable master netting arrangements or similar agreements. They include a tabular reconciliation of gross and net amounts of financial assets and financial liabilities, separately showing amounts offset and not offset in the statement of financial position. These amendments will be effective for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods and are to be applied retrospectively.

- PFRS 10 *Consolidated Financial Statements*. PFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees. An investor controls an investee when: (a) it is exposed or has rights to variable returns from its involvement with that investee; (b) it has the ability to affect those returns through its power over that investee; and (c) there is a link between power and returns. Control is re-assessed as facts and circumstances change.

  PFRS 10 supersedes PAS 27 (2008) *Consolidated and Separate Financial Statements* and Philippine Interpretation SIC-12, *Consolidation - Special Purpose Entities*. This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

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- PFRS 11 *Joint Arrangements.* PFRS 11 focuses on the rights and obligations of joint arrangements, rather than the legal form (as is currently the case). It distinguishes joint arrangements between joint operations and joint ventures and always requires the equity method for jointly controlled entities that are now called joint ventures; they are stripped of the free choice of using the equity method or proportionate consolidation. PFRS 11 supersedes PAS 31 *Interests in Joint Ventures* and Philippine Interpretation SIC-13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers*. This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

- PFRS 12, *Disclosure of Interests in Other Entities.* PFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, aiming to provide information to enable users to evaluate the nature of, and risks associated with, an entity's interests in other entities; and the effects of those interests on the entity's financial position, financial performance and cash flows. This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

- *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to PFRS 10, PFRS 11, and PFRS 12.)*The amendments simplify the process of adopting PFRSs 10 and 11, and provide relief from the disclosures in respect of unconsolidated structured entities. Depending on the extent of comparative information provided in the financial statements, the amendments simplify the transition and provide additional relief from the disclosures that could have been onerous. The amendments limit the restatement of comparatives to the immediately preceding period; this applies to the full suite of standards. Entities that provide comparatives for more than one period have the option of leaving additional comparative periods unchanged. In addition, the date of initial application is now defined in PFRS 10 as the beginning of the annual reporting period in which the standard is applied for the first time. At this date, an entity tests whether there is a change in the consolidation conclusion for its investees. These amendments are effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

- PFRS 13, *Fair Value Measurement.* PFRS 13 replaces the fair value measurement guidance contained in individual PFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other PFRSs. It does not introduce new requirements to measure assets or liabilities at fair value nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

- PAS 19, *Employee Benefits* (Amended 2011). The amended PAS 19 includes the following requirements: (a) actuarial gains and losses are recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which is currently allowed under PAS 19; and, (b) expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. This amendment is effective for annual periods beginning on or after January 1, 2013 and is applied retrospectively with early adoption permitted.

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- PAS 27 Separate Financial Statements (2011)

  PAS 27 (2011) supersedes PAS 27 (2008). PAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

- PAS 28 *Investments in Associates and Joint Ventures* (2011). PAS 28 (2011) supersedes PAS 28 (2008) *Investments in Associates*. PAS 28 (2011) makes the following amendments: (a) PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and (b) on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or *vice versa*, the entity does not remeasure the retained interest. This standard is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

- *Annual Improvements to PFRSs 2009 - 2011 Cycle* - various standards contain amendments to five standards with consequential amendments to other standards and interpretations. The amendments are effective for annual periods beginning on or after January 1, 2013. The following are the said amendments to PFRSs:

  - PAS 1 *Presentation of Financial Statements* - Comparative Information beyond Minimum Requirements. This is amended to clarify that only one comparative period - which is the preceding period - is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with PFRSs.

  - PAS 32 *Financial Instruments Presentation* - Income Tax Consequences of Distributions. This is amended to clarify that PAS 12, *Income Taxes* applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. This amendment removes a perceived inconsistency between PAS 32 and PAS 12. Before the amendment, PAS 32 indicated that distributions to holders of an equity instrument are recognized directly in equity, net of any related income tax. However, PAS 12 generally requires the tax consequences of dividends to be recognized in profit or loss. A similar consequential amendment has also been made to Philippine Interpretation IFRIC 2, *Members' Share in Co-operative Entities and Similar Instruments.*

- *Offsetting Financial Assets and Financial Liabilities (Amendments to PAS 32)*. These amendments clarify that: (a) an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and (b) gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk and process receivables and payables in a single settlement process or cycle. These amendments are effective for annual periods beginning on or after January 1, 2014 and are to be applied retrospectively.

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- PFRS 9 *Financial Instruments* (2010), PFRS 9 *Financial Instruments* (2009).

  PFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under PFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. PFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of PFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

  PFRS 9 (2010 and 2009) are effective for annual periods beginning on or after January 1, 2015 with early adoption permitted.

The Company will assess the impact of the above new and revised standards, amendments to standards and interpretations on the Company's financial statements upon adoption in their respective effective dates.

<u>Financial Assets and Financial Liabilities</u>
Non-derivative financial instruments comprise cash and cash equivalents, receivables, AFS financial assets, security deposits and accrued expenses and other current payables.

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when it 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 using settlement date accounting.

Initial Recognition of Financial Instruments. Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

Subsequent to initial recognition, the Company classifies its financial assets in the following categories: AFS financial assets, financial assets at FVPL, loans and receivables and held-to-maturity (HTM) investments. The Company classifies its financial liabilities as either financial liabilities at FVPL or other financial 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 financial liabilities at initial recognition and, where allowed and appropriate, reevaluates such designation at every reporting date.

The Company has no HTM investments and financial assets and financial liabilities at FVPL as at December 31, 2012 and 2011.

Determination of Fair Value. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. 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.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models.

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Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments or maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL.

Subsequent to initial measurement, loans and receivables are carried at amortized cost using the effective interest rate method, less any impairment in value. Any interest earned on loans and receivables shall be recognized as income in profit or loss on an accrual basis. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains or losses are recognized in profit or loss when loans and receivables are derecognized or impaired, as well as through the amortization process.

The Company's cash and cash equivalents, receivables and security deposits are included in this category.

Cash includes cash on hand and in banks which are stated at face value. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

AFS Financial Assets. AFS financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other financial asset categories. Subsequent to initial recognition, AFS financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS debt instruments, are recognized in other comprehensive income. Dividends earned on holding AFS equity securities are recognized as income when the right to receive payment has been established. When individual AFS financial assets are either derecognized or impaired, the related accumulated unrealized gains or losses previously reported in equity are transferred to and recognized in profit or loss.

AFS financial assets also include unquoted equity instruments with fair values which cannot be reliably determined. These instruments are carried at cost less impairment in value, if any.

Included in this category is the Company's investment in debt securities and shares of stock (see Note 7).

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability.

Included in this category are the Company's accrued expenses and other current payables (see Note 11).

Derecognition of Financial Assets and Financial Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset expired;
- the Company 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

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- the Company has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 Company's continuing involvement in the asset. Continuing involvement takes the form of a guarantee over the transferred asset that is measured at the lower of the original carrying amount of the asset and the maximum amount of the consideration that the Company could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or 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. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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, where the related assets and liabilities are presented at gross in the statements of financial position.

Impairment of Financial Assets

The Company assesses at reporting date whether a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset of the group of the financial assets that can be reliably estimated.

Assets Carried at Amortized Cost. For assets carried at amortized cost such as loans and receivables, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant or collectively for financial assets that are not individually significant. If no objective evidence of impairment has been identified for a particular financial asset that was individually assessed, the Company includes the asset as part of a group of financial assets pooled according to their credit risk characteristics and collectively assesses the group 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 the collective impairment assessment.

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Evidence of impairment for specific impairment purposes may include indications that the borrower or a group of borrowers is experiencing financial difficulty, default or delinquency in principal or interest payments, or may enter into bankruptcy or other form of financial reorganization intended to alleviate the financial condition of the borrower. For collective impairment purposes, evidence of impairment may include observable data on existing economic conditions or industry-wide developments indicating that there is a measurable decrease in the estimated future cash flows of the related assets.

If there is objective evidence of impairment, 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). Time value is generally not considered when the effect of discounting the cash flows is not material. If a loan or receivable has a variable rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. For collective impairment purposes, impairment loss is computed based on their respective default and historical loss experience.

The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The impairment loss for the period shall be recognized in profit or 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 profit or loss, to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date.

AFS Financial Assets. If an AFS financial asset is impaired, an amount comprising the difference between the cost (net of any principal payment and amortization) and its current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as AFS financial assets are not recognized in profit or loss. Reversals of impairment losses on debt instruments are recognized in profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

In the case of an unquoted equity instrument or of a derivative asset linked to and must be settled by delivery of an unquoted equity instrument, for which its fair value cannot be reliably measured, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows from the asset discounted using its historical effective rate of return on the asset.

Jointly Controlled Operation

A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operation. The financial statements include the assets that the Company controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses that the Company incurs and its share of the income that it earns from the joint operation.

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Property and Equipment
Property and equipment are carried at cost less accumulated depreciation, amortization and impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognized in profit or loss during the period in which they are incurred.

Wells, platforms and other facilities comprising oil and gas property represents the Company's share in the SC 14's total capitalized exploration and development expenditures. They are amortized using the unit-of-production method based upon estimates of proven developed reserves. Proven developed reserves are the portion of reserves that are reasonably certain to be produced and sold during the remaining period of existing production licenses and agreements. The effect of revisions of previous estimates of proved developed reserves is taken up prospectively in the unit of production calculation.

Estimates of decommissioning and abandonment costs, which are accrued based on a unit-of-production rate, which depends on approved budget and reserve estimates, are also included in the wells, platforms and other facilities account as these costs are treated as recoverable cost to be deducted from oil sales proceeds prior to remittance of government share as indicated in the agreement among Consortium members under the SC.

Leasehold improvements are amortized using the straight-line method over the estimated useful lives of the improvements (five years) or the term of the lease, whichever is shorter.

Other property and equipment are depreciated using the straight-line method to allocate the cost of each asset less its residual value over its estimated useful life as follows:

	Number of Years
Machineries and transportation equipment	5
Leasehold improvement	5
Office furniture and equipment	5

Major renovations are depreciated over the remaining useful life of the related asset to the date of the next major renovation, whichever is sooner.

The remaining useful lives and depreciation and amortization method are reviewed and adjusted periodically, if appropriate, to ensure that such useful lives and depreciation and amortization method are consistent with the expected pattern of economic benefits from those assets.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization are recognized in profit or loss.

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An item of property and equipment is derecognized when either it has been disposed of, or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising on the retirement or disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement or disposal.

<u>Deferred Oil and Mineral Exploration Costs</u>
Deferred oil and exploration costs are accounted for using the full-cost method, where all acquisition, exploration and development costs are capitalized as deferred costs when incurred and on the basis of each contract area. Where oil and gas of commercial quantity is produced, the exploration and development costs are reclassified to and capitalized as wells, platforms, and other facilities under the "Property and equipment" account. Producing and non-producing contract areas are evaluated periodically and, considering a number of factors, a determination is made whether it is probable that a significant impairment of the carrying cost of deferred oil and mineral exploration costs of each contract area has occurred. If impairment is believed to have occurred, a further analysis is performed to determine the impairment to be recorded for specific contract areas.

If the Company abandons all exploration efforts in a contract area where there are no proven reserves, all acquisition and exploration costs associated with the contract area are recognized in profit or loss. A contract area is considered abandoned if the contract has expired and/or there are no definite plans for further exploration and development.

Proceeds from the sale of crude oil lifted from an area under production testing during the exploration stage are applied against deferred oil exploration costs.

Expenditures for mineral exploration and development work are capitalized as deferred costs when incurred. These expenditures are provided for with an allowance for impairment when there are indications that the exploration results are negative. These are recognized in profit or loss when the projects are abandoned or determined to be definitely unproductive. When the exploration work results are positive, the exploration costs and subsequent development costs are capitalized and amortized using the unit of production method from the start of commercial operations.

<u>Impairment of Non-financial Assets</u>
The carrying amounts of property and equipment and deferred oil and mineral exploration costs are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

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

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable (i.e., more likely than not) 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and those risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognized for the reimbursement shall not exceed the amount of the provision. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Provision for Land Restoration and Decommissioning

Provisions are made for close down, restoration and environmental rehabilitation costs (which includes the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the financial period when related environmental disturbances occurs, based on the estimated future costs using information available at the reporting date.

Capital Stock

Common Shares. Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, net of discounts and applicable taxes. The following specific recognition criteria must also be met before revenue is recognized:

- Revenue from crude oil is recognized at the time of oil lifting on an entitlement basis where revenue is allocated and distributed among the joint venture partners and the Philippine Government based on the participating interest in a specific contract area.

- Interest income is recognized as the interest accrues, taking into account the effective yield on the asset and is presented net of final tax.

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- Dividends is recognized when the right to receive payment is established.

- Other income is recognized when earned.

Cost and Expense Recognition
Cost and expenses are recognized upon receipt of goods, utilization of services or at the date they are incurred.

Retirement Benefit Cost
The Company has a funded, noncontributory defined benefit retirement plan, administered by a trustee, covering all permanent employees. Retirement benefit cost is actuarially determined using the projected unit credit method. This method reflects service rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Retirement benefits cost includes current service cost, interest cost, expected return on plan assets, amortization of unrecognized past service costs, recognition of actuarial gains and losses, effect of asset limit and effect of any curtailments or settlements. Past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to the plan, past service cost is recognized immediately as an expense. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting year exceed the greater of 10% of present value of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognized, reduced by past service costs not yet recognized and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the resulting asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognized net actuarial losses and past service costs and the present value of any economic benefits available in the form of reductions in the future contributions to the plan.

If the asset is measured at the aggregate of cumulative unrecognized net actuarial losses and past service costs and the present value of any economic benefits available in the form of reductions in the future contributions to the plan, net actuarial losses of the current period and past service costs of the current period are recognized immediately to the extent that they exceed any reduction in the present value of those economic benefits. If there is no change or an increase in the present value of the economic benefits, the entire net actuarial losses of the current period and past service costs of the current period are recognized immediately. Similarly, net actuarial gains of the current period after the deduction of past service costs of the current period exceeding any increase in the present value of the economic benefits stated above are recognized immediately if the asset is measured at the aggregate of cumulative unrecognized net actuarial losses and past service costs and the present value of any economic benefits available in the form of reductions in the future contributions to the plan. If there is no change or a decrease in the present value of the economic benefits, the entire net actuarial gains of the current period after the deduction of past service costs of the current period are recognized immediately.

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Termination Benefits. The termination benefits are recognized as expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before normal retirement age, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as expense if the Company has made an offer voluntary, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Income Taxes

Income tax expense is composed of current tax and deferred tax recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current Tax. Current tax is the expected tax payable on taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits, Minimum Corporate Income Tax (MCIT) and unused tax losses, Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits and losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each 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 tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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Foreign Currency

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Nonmonetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Nonmonetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of transaction. Foreign currency differences arising on retranslation are recognized in profit or loss.

Leases

Leases which do not substantially transfer to the Company all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments made are recognized as an expense in profit or loss on a straight-line basis over the term period of the lease. Associated costs such as maintenance and insurance are expensed as incurred.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are on an arm's length basis in a manner similar to transactions with non-related parties.

Basic and Diluted Earnings Per Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Company by the weighted average number of issued and outstanding common shares during the period with retroactive adjustments for any stock dividends declared.

Diluted EPS is computed by adjusting the net income for the period attributable to equity holders of the Company and weighted average number of issued and outstanding common shares during the period, for the effects of all dilutive common shares.

Operating Segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's Chief Operating Decision Maker (CODM) to assess the performance of the segment and to make decisions about resources to be allocated to the segment.

The measurement policies the Company uses for segment reporting under PFRS 8 are the same as those used in its financial statements. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

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Segment results are used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segment relative to other entities that operated within these industries. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

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

4. Segment Information

Operating Segments

Management has determined the operating segments based on the reports reviewed by the CODM who is the Company's President. The Company is organized in the following business segments:

(a) Treasury

The Company invests its cash to short-term money market placements, shares of stock and other securities to earn interest.

(b) Oil Exploration

The Company participates as a major or minor partner in several consortia exploring 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.

(c) 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.

The Company's three (3) business segments operate only in the Philippines which are considered by management as one geographical area.

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Segment Assets and Liabilities

Segments assets and liabilities provided to the strategic steering committee are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the assets.

Segment assets include all operating assets used by the segment and consist principally of deferred oil and mineral exploration costs and its related property and equipment. Segment assets do not include deferred taxes.

Segment Revenue

Segment revenue in 2012, 2011 and 2010 pertains to the production lifting revenue amounting to P4,139,787, P5,810,582 and P10,048,535, respectively. The segment revenue came from SC 14 North Matinloc block where the Company has 13.55% participating interest.

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

	For the Year Ended December 31, 2012			
	Treasury	**Oil**	**Mineral**	**Total**
Segment results	**P -**	**P2,711,024**	**P -**	**P2,711,024**
Interest income	**16,362,524**	-	-	**16,362,524**
Gain on sale of AFS financial assets	**9,517,791**	-	-	**9,517,791**
Dividend and other income	-	-	-	**3,134,026**
Other expenses	-	-	-	**(17,409,515)**
Income tax expense	-	-	-	**(7,549)**
				P14,308,301

	For the Year Ended December 31, 2011			
	Treasury	Oil	Mineral	Total
Segment results	P -	P1,718,427	(P2,940,234)	(P1,221,807)
Interest income	15,179,409	-	-	15,179,409
Gain on sale of AFS financial assets	11,950,332	-	-	11,950,332
Dividend and other income	-	-	-	3,031,973
Foreign exchange gain - net	-	-	-	587,453
Other expenses	-	-	-	(17,307,639)
Income tax expense	-	-	-	(1,233,467)
				P10,986,254

	For the Year Ended December 31, 2010			
	Treasury	Oil	Mineral	Total
Segment results	P -	P6,790,545	(P3,805,431)	P2,985,114
Interest income	19,090,928	-	-	19,090,928
Gain on sale of AFS financial assets	15,682,205	-	-	15,682,205
Dividend and other income	-	-	-	3,422,920
Other expenses	-	-	-	(33,334,020)
Income tax benefit	-			1,704,103
				P9,551,250

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	As at December 31, 2012				
	Treasury	Oil	Mineral	Unallocated	Total
Segment assets	P -	P277,782,226	P32,413,344	P -	P310,195,570
Machineries and transportation equipment	-	-	-	300,958	300,958
Office furniture and equipment	-	-	-	39,685	39,685
Cash and cash equivalents	998,705,399	-	-	-	998,705,399
AFS financial assets	41,002,675	-	-	-	41,002,675
Other assets	-	-		23,499,406	23,499,406
Deferred tax assets	-	-	-	5,075,324	5,075,324
Total Assets					P1,378,819,017
Segment liabilities					
Accrued expenses and other current payables	P -	P -	P -	2,548,862	2,548,862
Income tax payable	-	-	-	443,471	443,471
Total Liabilities					P2,992,333
Capital expenditures	P -	P322,699,729	P55,857,299	P6,118,974	P384,676,002
Depreciation and amortization and others	-	-	147,089	487,529	634,618
Loss on impairment	-	-	3,526,579	-	3,526,579

	As at December 31, 2011				
	Treasury	Oil	Mineral	Unallocated	Total
Segment assets	P -	P276,218,248	P37,701,810	P -	P313,920,058
Machineries and transportation equipment	-	-	-	1,113,787	1,113,787
Office furniture and equipment	-	-	-	99,344	99,344
Cash and cash equivalents	540,013,336	-	-	-	540,013,336
AFS financial assets	52,083,206	-	-	-	52,083,206
Other assets	-	-	-	22,394,926	22,394,926
Deferred tax assets	-	-	-	4,773,182	4,773,182
Total Assets					P934,397,839
Segment liabilities					
Accrued expenses and other current payables	P -	P -	P -	2,135,882	2,135,882
Income tax payable	-	-	-	478,188	478,188
Total Liabilities					P2,614,070
Capital expenditures	P -	P321,135,751	P57,619,186	P7,117,234	P385,872,171
Depreciation and amortization and others	-	-	157,648	666,738	824,386
Loss on impairment	-	-	2,940,234	-	2,940,234

5. Cash and Cash Equivalents

Cash and cash equivalents at December 31 consist of:

	Note	**2012**	2011
Cash on hand		**P10,068**	P10,068
Cash in banks	*20*	**8,113,747**	1,111,796
Short-term placements	*20*	**990,581,584**	538,891,472
		P998,705,399	P540,013,336

Cash in banks earn annual interest at the respective bank deposit rates.

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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 interest ranging from 1.5% to 4.8% and 1.0% to 4.03% per annum in 2012 and 2011, respectively.

6. Receivables

Receivable at December 31 consists of:

	Note	**2012**	2011
Trade		**P3,194,378**	P3,194,378
Receivable from SC 14 partners		**11,786,387**	10,627,558
Input value-added tax (VAT)		**6,574,124**	6,177,505
Interest		**1,685,433**	1,685,433
Officers and employees	*17*	**194,026**	260,400
Insurance		-	92,902
Others		**4,961,124**	4,845,081
	20	**28,395,472**	26,883,257
Less allowance for impairment losses on receivables	*20*	**9,778,505**	9,778,505
	20	**P18,616,967**	P17,104,752

Receivables from SC 14 partners at December 31, 2012 and 2011 include P4,834,855 and P4,769,429, respectively, from an SC 14 partner that represents the Company's pro-rata share (under the Joint Operating Agreement for SC 14) in amount due from the operator who defaulted on payments as per the Memorandum of Agreement dated December 19, 1997. Original amount is US$107,203, which represents the Company's share in Altisima receivable and contingency fund per Purchase Sale Agreement dated April 30, 2004.

The Company has a P4,031,072 short-term placements with a third party which is under liquidation and classified as part of other receivables. As at December 31, 2012 and 2011, the net realizable value of the account amounted to P984,400.

The receivables from officers and employees are interest and non-interest-bearing and collectible on demand and are collected through salary deductions from the concerned officers and employees.

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7. Available-for-Sale Financial Assets

Details of AFS financial assets at December 31 are as follows:

	Note	**2012**	2011
Investment in debt securities:			
Balance at beginning of year		**P48,110,000**	P168,398,536
Acquisition		**139,090,000**	-
Disposal		**(150,000,000)**	(120,288,536)
Balance at end of year		**37,200,000**	48,110,000
Investment in shares of stock:			
Cost at beginning and end of year		**1,178,983**	1,178,983
Unrealized reserve for changes in fair value		**2,623,692**	2,794,223
		3,802,675	3,973,206
	20	**P41,002,675**	P52,083,206

Investment in debt securities represent investment in 3-year retail treasury bonds issued and guaranteed by the Republic of the Philippines (ROP) time deposits with annual interest rates ranging from 5.75% to 5.88% and 2.6% to 5.75% in 2012 and 2011, respectively, which could be preterminated and are readily marketable at the option of the Company.

The Company sold portion of its investment in debt securities recognizing gain on sale of AFS financial assets amounting to P9,517,791, P11,950,332 and P15,682,205, for the years ended December 31, 2012, 2011 and 2010, respectively.

The fair values of these AFS financial assets are determined using quoted market prices as of reporting date.

8. Property and Equipment

The movements and balances of this account as at and for the years ended December 31 follow:

	For the Years Ended December 31, 2012 and 2011				
	Wells, Platforms and Other Facilities	Machineries and Transportation Equipment	Office Furniture and Equipment	Leasehold Improvements	Total
Gross carrying amount:					
Balance, January 1, 2011	P204,955,281	P4,896,296	P1,807,784	P206,115	P211,865,476
Additions	-	80,458	126,581	-	207,039
Balance, December 31, 2011	204,955,281	4,976,754	1,934,365	206,115	212,072,515
Addition	-	-	38,635	-	38,635
Disposal	-	(1,036,895)	-	-	(1,036,895)
Balance, December 31, 2012	**204,955,281**	**3,939,859**	**1,973,000**	**206,115**	**211,074,255**
Accumulated depreciation and amortization:					
Balance, January 1, 2011	44,917,503	3,141,486	1,732,116	206,115	49,997,220
Depreciation and amortization	-	721,481	102,905	-	824,386
Balance, December 31, 2011	44,917,503	3,862,967	1,835,021	206,115	50,821,606
Depreciation and amortization	-	536,324	98,294	-	634,618
Disposal	-	(760,390)	[illegible]	[illegible]	(760,390)
Balance, December 31, 2012	**44,917,503**	**3,638,90[illegible]**	**[illegible]3[illegible]5**	**[illegible]6,115**	**50,695,834**
Carrying amount:					
Balance, December 31, 2011	P160,037,778	P1,113,787	P99,344	P -	P161,250,909
Balance, December 31, 2012	**P160,037,778**	**P300,958**	**P3[illegible]5**	**P -**	**P160,378,421**

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The gross carrying value of fully depreciated property and equipment that are still in use as at December 31, 2012 and 2011 amounted to P4,290,536 and P3,985,258, respectively.

Depreciation expense related to exploration and development work amounting to P147,089 and P157,648 was capitalized as part of deferred oil and mineral exploration costs as at December 31, 2012 and 2011, respectively (see Note 9).

Significant portion of the Company's property and equipment is found in the production facilities of the West Linapacan oilfield in SC 14 wherein the Company has a participating interest (see Note 9). Production under the Interim Stage began in 1992. In 1993, the consortium encountered technical and engineering problems such as water intrusion into the oil wells which resulted in low production volume and high production costs. In the same year, to further study, evaluate the contract area, and resolve water intrusion problems, the SC 14 Consortium secured the service of a world renowned US-based consulting firm in integrated petrotechnology, Rega, Inc., which reported among others that:

(a) Despite water intrusion, the oil in place at the West Linapacan oilfield is calculated at 145 million reservoir barrels;

(b) That the probable cause of water intrusion is coning;

(c) To rectify coning, the wells should be produced at a reduced rate; and

(d) The two (2) wells called WL A-2 and A-3 are highly fractured areas of the reservoir and should be relocated to a less fractured zone.

However, SC 14 Consortium did not implement the necessary work programs or solutions due to low price of oil at that time (average price was US$14.50 per barrel) and prompted the SC 14 Consortium to temporarily suspend production at West Linapacan in January 1996. Consequently, there was no oil lifting until 2009. Nevertheless, the SC 14 Consortium invited various players through farm-in agreements to further study the project's viability, including addressing the water intrusion problems.

Among the numerous interested parties, Nido Petroleum (Nido) acquired 35% participating interest in 1999 but failed to exercise the option to drill one production well in the contract area, thus, failing to earn additional 25% participating interest. Under the Consolidated Deed of Assignment executed to formalize the assignment of interest in SC 14 as provided for in the farm-in agreement and in the assignment agreement, Philodrill Corporation (Philodrill), 17.5% interest in SC 14 was assigned each to Nido and Philodrill. Subsequently, some consortium members have expressed some reservations on the adequacy of the consideration for the assignment of the 35% participating interest to Nido considering that out of US$6 million (peso equivalent: P263 million) committed program, only US$1.234 million (peso equivalent: P54.099 million) was verified as actually paid based on DOE audit. This amount represents expenses directly related to SC 14 and SC 6 operations. As of March 30, 2012, there was no formal legal claim filed by any member of the SC 14 Consortium against Nido.

In February 2008, the SC 14 West Linapacan Block Consortium signed the Farm-in Agreement with Pitkin Petroleum Limited (PPL) of the United States of America (USA). The general terms of the Farm-in Agreement include the 100% payment of all cost to earn 75% working interest in a two phased work program commitment, which include, among others, pre-development studies and one well.

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AGRC's interest in SC 14 was reduced from 6.12% to 1.53% once PPL fulfills its work program commitment. On September 12, 2008, the DOE approved the Deed of Assignment and Assumption of interest to PPL by the SC 14 partners.

PPL's committed geological and geophysical work programs are already in various stages of completion as of December 31, 2009. The request for an 18-month extension of the expiration of Farm-in Agreement was already approved by the SC 14 Consortium partners on July 23, 2009.

In 2010, PPL has undertaken three major studies that include: (1) 3D seismic reprocessing, inversion and fracture identification study for structural and reservoir characterization; (2) seismic sequence stratigraphic study that would augment and address reservoir characterization which shall identify the optimum location for the horizontal well; and (3) conceptual engineering study to evaluate appropriate, cost efficient development scenarios and their attendant costs resulting in a recommended field development design.

On December 17, 2010, DOE approved the SC 14 Consortium's request for the final fifteen (15) year extension to the production term of SC 14 under the same terms and conditions of the current contract.

The results of the reservoir simulation test as presented by Pitkin during the last quarter of 2011 were inconclusive. The results disclosed that the severe lack of hard data proved to be the deterrent factor in predicting the reservoir behavior accurately and further study is recommended. On November 12, 2011, the budget for the project has been presented for approvals and was subsequently approved. It was the consensus of all consortium partners that the rest of the committed work program shall be contingent on the result of the more comprehensive reservoir simulation test.

The Information, Education and Communication (IEC) and Social Acceptability Activities for the drilling project was approved to proceed as planned and budgeted. The 2012 Work commitments include drilling of 2 production wells (back to back). AGRC is carried free up to the first oil. Cost of two wells is about P100 million but may reach up P120 million inclusive of completion.

On June 19, 2012, Resource Management Associates, the Project Operator, presented to the partners its project updates. It presented the initial results of the 3D review and initial interpretations. On November 26, 2012, a very optimistic technical presentation was made by the Project Operator, highlighting the discovery of additional oil initially in place determined and computed by the nearly-completed reservoir simulation study. With this new oil initially in place (OIIP) discoveries, a new reserve certification is proposed and to be conducted by an independent reserve certification company. The reservoir simulation on West Linapacan A will be completed in January 2013 and the drilling is expected to be completed by the first half of 2014.

For the purpose of assessing impairment, the recoverable amounts of the CGU's were based on value-in-use calculations. Management used the Company's share in the net proceeds for distribution to the partners which are expected to be received in five (5) years discounted at the Company's weighted average cost of capital of 4% and 10% in 2012 and 2011, respectively. With the current oil prices in the market and given the estimated oil reserves in the contract area, management believes that any reasonable possible change in the key assumptions on which the recoverable amounts were based would not cause the carrying amounts of the unamortized cost of wells, platforms and other facilities to exceed their recoverable amounts. Accordingly, no impairment losses was recognized as at December 31, 2012 and 2011.

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9. Deferred Oil and Mineral Exploration Costs

Deferred oil and mineral exploration costs at December 31 consist of:

	Note	Participating Interest	2012	2011
Oil exploration costs:				
SC 14	*21*			
Block C2 (West Linapacan)		1.53%	**P53,357,559**	P52,939,946
Block B1 (North Matinloc)		13.55%	**-**	(1,158,614)
Block D		5.84%	**8,011,132**	8,011,132
			61,368,691	59,792,464
SC 6A	*21*			
Octon Block		0.50%	**16,747,071**	16,814,309
North Block		1.57%	**600,419**	599,478
			17,347,490	17,413,787
SC 6B (Bonita)	*21*	2.11%	**5,691,781**	5,640,386
SC 51	*21*	9.32%	**32,809,176**	32,806,645
Other oil projects			**527,310**	527,188
			39,028,267	38,974,219
			117,744,448	116,180,470
Mineral exploration costs:	*21*			
Anoling gold project		3.00%	**13,726,135**	13,719,463
Gold projects		100.00%	**12,422,047**	14,408,482
Nickel project		100.00%	**19,207,893**	19,206,488
Cement project		100.00%	**9,533,960**	9,322,238
Other mineral projects			**382,338**	382,338
			55,272,373	57,039,009
Accumulated impairment losses for unrecoverable deferred mineral exploration costs:				
Balance at beginning of year			**(19,917,376)**	(16,977,142)
Impairment losses for year			**(3,526,579)**	(2,940,234)
Balance at end of year			**(23,443,955)**	(19,917,376)
			31,828,418	37,121,633
Other deferred charges			**584,926**	580,177
			P150,157,792	P153,882,280

All deferred oil and mineral exploration costs are classified as intangible assets on the basis that these costs are recognized in respect of licenses and surveys. These costs were incurred in developing an intangible asset. Oil and mineral explorations are governed by permits issued by the Philippine Government either through DOE under SC or by DENR under Exploration Permit (EP) or MPSA.

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Gabon - Etame, Offshore Gabon, West Africa

On February 23, 2001, the Company executed Heads of Agreement (HOA) and Deed of Assignment with Sojitz Etame, Ltd. (formerly Nissho Iwai Corporation of Japan) for its 2.625% interest in Etame oil field in Gabon, West Africa. The agreements provide that payment of capped amount of US$1,000,000 conditioned on production out of revenue derived from the assigned Participating Interest (2.428%) of 15% of Profit Oil [as defined in the Joint Operating Agreement (JOA)], payable quarterly and in accordance with the following:

(i) should the amount of proved recoverable reserves as submitted in the Development Plan by the Operator be less than 65 million barrels in the Etame Exploration Blocks, Buyer shall pay US$800,000; and

(ii) should the oil reserves be greater than 65 million barrels, Buyer shall pay an additional amount of US$200,000.

As at December 31, 2011, the Company already received US$800,000 (peso equivalent: P35,072,000) as proceeds on production of 65 million barrels.

The Company is still seeking the additional US$200,000 (peso equivalent: P8,768,000) as stated in provision (ii) of the above agreement for the computed oil reserves in excess of 65 million barrels as at December 31, 2012.

SC 6A (Octon ad North Block) - Offshore Northwest Palawan Philippines

The SC 6A oil field, discovered in 1990, is located in Offshore Northwest Palawan near Galoc Block. As at December 31, 2011, AGRC has participating interest of 1.57% in North Block and 0.50% in Octon Block. This oil field was not put into production due to low oil price in 1990 and also due to limited data.

The impending expiry of SC 6A-Octon Block was finally resolved in a DOE letter of June 18, 2009. The letter informed the Operator, Philodrill, of the 15-year contract extension of the SC Octon Block subject to some terms and conditions.

On December 8, 2011, the DOE approved the transfer of Filipino consortium's 70% undivided interest to Pitkin Petroleum. DOE has also approved the appointment of Pitkin as the Operator in accordance with the Deed of Assignment and Assumption dated July 1, 2011.

The work commitments approved by the DOE for 2012 include the seismic acquisition, processing and interpretation of 500 square kilometers of 3D data area in Octon. AGRC for its part will be carried free up to the drilling of the two exploration wells on the block.

SC 6B (Bonita) - Offshore Nortwest Palawan, Philippines

The SC 6B Bonita oil field is located in Offshore Northwest Palawan adjacent to Matinloc. Currently, Venture Oil is evaluating the area for development. On October 28, 2011, Peak Oil and Gas Philippines Ltd, Blade Petroleum Philippines Ltd, and Venture Oil Philippines Inc signed a Farm-In agreement with SC-6B joint venture partners to acquire 70% of the consortium's aggregate participating interests. After executing the Deed of Assignment and Assumption of Interest, AGRC as at December 31, 2011 has a residual participating interest of 2.11% from the original 7.03% after the farm-out.

The impending expiry of SC 6B-Bonita Block was also resolved in a DOE letter of June 17, 2009. The letter informed the Operator, Philodrill, of the 15-year contract extension of the SC Bonita Block subject to some terms and conditions.

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In 2012, DOE has approved the amendments to the Farm-In agreement between the Filipino farmers and the Group of Operators. The Operators proposed to conduct a simultaneous study of Bonita with Cadlao. The $ 200,000 approved budget will be shared halfway. However, the Group of Operators failed to submit the financial documents required by the DOE which would prove that it has the financial capability to implement the work programs.

During the last quarter of 2012, Philodrill, as previous operator of Bonita, served notice to the current Group of Operators 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.

<u>SC 51 - East Visayan Basin</u>
The contract area is defined by two (2) separate blocks, namely (1) an onshore-offshore block over Northwest Leyte and (2) a deepwater block in the Cebu Strait. The Company together with other members of the SC 51 Consortium, assigned their collective 80% interest to NorAsia Energy Limited in consideration for the latter to conduct and finance the seismic survey and drill one well.

In a DOE letter dated June 20, 2009, DOE informed the Operator NorAsian that Executive Order No. 10 dated May 29, 2009 has been issued by the Cebu Provincial Governor which effectively lifts the Cease and Desist Order along the municipal waters of Argao, Sibonga and Cebu.

In line with this, DOE instructs NorAsian to resume petroleum exploration activities in the service contract area.

In July 2011, NorAsian has executed a farm-out of its SC-51 participating interest to Swan Oil and Gas (SWAN). The agreement has been approved by the SC51 Joint Venture Partners and the DOE. In the Consortium meeting on October 27, 2011, NorAsian informed the partners that DOE has accepted DUHAT-1 as compliance of its 3rd Sub-Phase work program. DOE has also approved the100 kilometers of 2D seismic data acquisition in on-shore Leyte as its commitment for the 4th Sub-Phase work program rather than drill another well onshore.

NorAsian has elected to discontinue its participation in the South block, and with the drilling of Argao prospect. NorAsian will give to SWAN all of its 80% participating interest and its operatorship in the Southern block. NorAsian will still retain a 40% working interest in the Northern block and the remaining 40% to SWAN.

Relative thereto, SWAN has requested the Filipino partners to approve the revised Farm in agreement. The Farm-in agreement revisions was approved subsequently but remained unexecuted as at December 31, 2011.

In the first half of 2012, after trying to raise funds for its committed drilling program, SWAN Oil was unable to show proof of its financial capability and its commitment to drill the Argao structure in due time as per provisions of the amended Farm-In Agreement. The Filipino partners in the South Block declared SWAN in default of its Farm-In Agreement commitments. Otto also declared SWAN in default of its JOA commitments in the North Block. SWAN contested the default but later settled amicably in September 2012, after it was able to secure a reasonable walk-away package from Otto Energy.

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After SWAN's exit from the SC-51 contract area, Frontier Oil Corporation manifested its interest to become Operator of SC-51 South Block and has agreed to the key terms of the proposed Farm-In Agreement. Frontier Oil was still within its requested due diligence period when the year ended. A third party, Arex Energy, was commissioned by Frontier Oil to conduct due diligence study of the block. Frontier requested for an extension until January 31, 2013 before it decides on its option.

On July 2012, 102 line kilometers of seismic lines were completed by the seismic survey party in the North Block. The Seismic survey was completed under-budget despite a month-long cessation of operation due to the military stand-off between China and the Philippines at the Scarborough Shoals. Initially-processed seismic lines disclosed very promising seismic features and more enhanced drilling target. The confidence of optimally locating the proposed Duhat-2 is now very much higher.

Otto Energy informed that its Board has already approved the drilling budget of $6,600,000 for next year's drilling program which is likely to occur during third quarter of 2013. A very much larger rig is being sought for the drilling Duhat 2 to avoid the debacle of Duhat 1/1A. So far two serious drilling outfits have heeded the call for rig by Otto.

<u>MPSA No. 066-97-VIII - Cement Project, Isabel, Merida, Leyte</u>
The MPSA was assigned last June 1997 and calls for the extraction of limestone as raw material for the manufacture of cement for 25 years with an option to extend for another 25 years.

On March 4, 2003, the DENR granted the Company's application for a two-year exploration period in its Cement Leyte Project which ended on March 14, 2005.

On September 9, 2011, the Company received the approval for the second extension of the MPSA Exploration. The approved two-year exploration and environmental work programs shall end with the Declaration Mining Project Feasibility in September 2013 or earlier.

The Company, as part of new requirements, is required to conduct a new round of Information, Education and Communication (IEC) before implementing the exploration surveys. The Company has also committed to participate in the National Greening Program initiated by the President.

For the first half of 2012, the Company continued in preparations to conduct a new IEC campaign for the drilling operation it committed to conduct in the contract area within the two-year extension of the MPSA exploration period.

<u>MPSA Application No. 039-XIII - Gold Project Anoling, Agusan Del Sur</u>
The project, located in Agusan del Sur, has an area of 204 hectares. In November 2005, the Company executed a Mines Operating Agreement (MOA) with Phsamed Mining Corporation (PHSAMED) whereby the latter assumes operatorship of the Anoling Project, including among others, all rights, duties and obligations of the Company as previous operator of the Anoling Project. In return, PHSAMED seeks the approval of MPSA and complies with all the work obligation on the area. Moreover, the Company receives 3% royalty and 10% net profit interest share before income tax, depreciation and amortization of up to P11 million. The agreement has an initial term of ten (10) years.

Operator, PHSAMED, with the assistance of AGRC, is pursuing the final approval of the MPSA. Additional documentary requirements were submitted to MGB-Caraga in Surigao City.

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All mining operations remained suspended as at December 31, 2012 until final approval of the MPSA.

As 2012 ended, the Company received a formal notice from the project operator that they are no longer pursuing the project development program of Anoling Gold Mine. They did not specify their reasons for returning the project operatorship to the Company.

The Company has assumed operatorship of the project once again and currently securing all the mine tunnels and assets left behind by the project operator. The Company is also securing all technical data and reports that the project operator acquired during their seven years of stay as operator.

Exploration Permit Application No. 080 - Gold Project, Tinongdan Itogon, Benguet
As at December 31, 2012, all field activities and IP negotiations are suspended. The Company is currently finding a solution to move the project forward and convince the big land owners to give their consent and complete the FPIC process. A final appeal for reinstatement has been lodged before the MGB Central office, where it remained as at December 31, 2012.

Exploration Permit Application No. 009-2010-V - Copper Gold Project, Oas, Albay
The Exploration Permit Application EXPA-000072-V has been officially signed and approved on May 5, 2010 at the Central office of the Mines and Geosciences Bureau in Quezon City and registered with the Mines Geosciences Bureau Regional Office No. 5 in Legaspi City on May 12, 2010 as EP-009-2010-V.

On May 17, 2011, the Company signed a Mines Operating Agreement (MOA) with Bentley Fairview Resources Corporation after Bentley decided to exercise its option upon expiration of the Option and Due Diligence Agreement last May 1, 2011.

In August 2011, the Company and Bentley have completed the IEC campaign. Bentley advised that ground activities will commence on the middle of January 2012. Their schedules were set back by bad weather and shortage of technical personnel.

During the first quarter of 2012, a three-year MOA between the Company and Barangay Maramba was signed and executed in compliance and fulfillment of the Company's commitments with the National Greening Program (NGP). Bentley, as project operator and in pursuance to the mines operating agreement with the Company, will finance the reforestation of a 6-hectare area in Maramba and Barangay Maramba will be the implementing partner of the NGP MOA. A three-year financial plan has been crafted for that matter.

As 2012 ended, the implementation of signed NGP-MOA between the Company and Barangay Maramba was completed. A total of 2,500 mahogany seedlings were planted in the area located within the jurisdiction of Barangay Maramba, Oas, Albay. The tree-planting site has been inspected by representative of the MGB.

As at December 31, 2012, the Company submitted its application for the renewal of the exploration permit and awaits for the renewal of the exploration permit.

Exploration Permit No. 000071 - Copper Project, Concepcion, Iloilo
On June 22, 2010, the exploration permit application was registered and approved by the regional office of MGB-6 in Iloilo City. All surface activities remained suspended. The Company is currently preparing the budget for work programs and IEC presentations for approval by the AGRC Board.

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The Company has completed its Project IEC campaign before all concerned and affected Local Government Units in Concepcion and Iloilo.

MGB-6 now requires AGRC to secure Affidavit of Consents from the private landowners. AGRC is currently complying with the MGB guidelines.

As at December 31, 2012, the Company 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.

Exploration Permit Application No. 175-IVB - Nickel Project Aborlan, Palawan
An Order of Denial has been issued by MGB-IVB during the last quarter of 2010 due to inactivity and lack of NCIP clearance among others. The Company submitted a letter of reconsideration and MGB-IVB granted a temporary reprieve in order for the Company to show seriousness in completing the application.

The Company submitted the same letter of reprieve to NCIP Region IV so the latter can facilitate the reactivation of the Company's request of NCIP clearance.

As at December 31, 2012, the appeal for reconsideration remained at the MGB Central Office in Quezon City awaiting for the deliberation and resolution.

Exploration Permit Application No. 196-IVB - Nickel Project Rizal, Palawan
The declaration of Mount Mantalingaan as Palawan Protected Landscape gravely affected the surface extent of the applied area. From the original area of 2,477 hectares the net free area has been reduced to a mere 396 hectares or 15% of the original applied area.

On October 12, 2011, the Company received the Notice of Denial for further processing of its exploration permit application. With the currently invigorated anti-mining sentiments in Palawan, the Company has decided to forgo any appeal for reinstatement.

Management believes that total deferred oil and mineral exploration costs at December 31, 2012 and 2011 amounting to P150,157,792 and P153,882,280, respectively, are still recoverable upon resumption of production in the related project area or upon production of new reserves within the contract area. An impairment loss of P3,526,579 and P2,940,234 was recognized in 2012 and 2011, respectively, on the deferred mineral exploration costs for those identified mineral site areas where the Company intends to discontinue exploring based on its assessment that the expected costs to continue exploring may be too high in relation to the benefits it will earn.

10. Other Noncurrent Assets

Other noncurrent assets at December 31 consist of:

	Note	2012	2011
Retirement benefits asset	*14*	**P2,144,266**	P3,419,974
Security deposit	*15, 19, 20*	**234,692**	223,697
Others		**280,000**	280,000
		P2,658,958	P3,923,671

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11. Accrued Expenses and Other Current Payables

Accrued expenses and other current payables at December 31 consist of:

	2012	2011
Payable to government agencies	**P283,568**	P183,526
Accrued expenses	**1,978,291**	1,575,627
Others	**287,003**	376,729
	P2,548,862	P2,135,882

Accrued expenses pertain to accrual for 13th month pay, vacation and sick leaves and others.

12. Capital Stock

On June 28, 2007, the BOD approved the increase in authorized capital stock from P700,000,000 to P3,000,000,000 divided into 300 billion common shares with the same rights and privileges and with a par value of P.01 per share. On the same date, the BOD approved the issuance of up to 5% of the authorized capital stock of the Company to qualified employees and persons through an Employees Stock Ownership Plan.

On June 8, 2010, the SEC approved the Company's application to increase its authorized capital stock as discussed above. During 2011, upon implementation of the capital increase, 25% of the additional P2.3 billion was subscribed through private placement and P100 million of which was subscribed through stock rights offering.

The Company has not yet implemented the stock option plan to qualified employees as at December 31, 2012 and 2011.

13. Earnings Per Share

Basic EPS is computed as follows:

	2012	2011	2010
Net income (a)	**P10,769,973**	P10,986,254	P9,551,250
Weighted average number of shares outstanding - basic (b)	**127,500,000,000**	127,399,240,013	127,298,480,000
Basic EPS (a/b)	**P0.0000845**	P0.0000862	P0.0000750

The Company has no dilutive potential common shares as at December 31, 2012, 2011 and 2010. Consequently, the dilutive EPS is the same as that of basic EPS presented above.

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14. Retirement Plan

The Company has a funded non-contributory defined benefits retirement plan covering all its regular and full-time employees. On March 2, 2012, the Board approved the termination of the retirement plan and the payment of the benefits accrued in favor of the covered employees from April 1, 2010 to April 1, 2012. A revised retirement plan was implemented effective April 1, 2012. Under the revised plan, the normal retirement age is 60 while the early retirement age was reduced from 55 with a minimum of 10 years of service to 55 with a minimum of 5 years of service. The fund is administered by a trustee who is authorized to invest the fund as it deems proper. The most recent actuarial valuation of the Company's retirement plan was performed by an independent actuary as at December 31, 2011.

The retirement benefits asset recognized in the statements of financial position at December 31 is determined as follows:

	Note	**2012**	2011
Present value of defined benefits obligation		**P3,694,304**	P2,140,112
Fair value of plan assets		**(6,401,596)**	(6,123,112)
		(2,707,292)	(3,983,000)
Amount not recognized as asset due to limit		**563,026**	563,026
Retirement benefits asset	*10*	**(P2,144,266)**	(P3,419,974)

Movements in the fair value of plan assets during the years ended December 31 are as follows:

	2012	2011
Beginning of year	**P6,123,112**	P5,878,018
Expected return on plan assets	**306,156**	293,901
Actuarial losses	**(27,672)**	(48,807)
Balance at end of year	**P6,401,596**	P6,123,112
Actual return on plan assets	**P278,484**	P245,094

Movements in the present value of defined benefits obligation for the years ended December 31 are as follow:

	2012	2011
Beginning of year	**P2,140,112**	P1,823,099
Current service cost	**1,436,486**	1,374,628
Interest cost	**117,706**	128,711
Actuarial gain	**-**	(1,186,326)
Balance at end of year	**P3,694,304**	P2,140,112

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The retirement benefits cost recognized in profit or loss for the years ended December 31 is determined as follows:

	2012	2011	2010
Current service cost	**P1,436,486**	P1,374,628	P2,023,857
Interest cost	**117,706**	128,711	2,270,782
Recognized actuarial loss (gains)	**27,672**	(1,137,519)	1,610,035
Expected return on plan assets	**(306,156)**	(293,901)	(845,830)
Effect of asset limit	-	62,531	484,160
Effect of settlement/curtailment - loss	-	-	771,486
	P1,275,708	P134,450	P6,314,490

No retirement benefits cost was capitalized as part of deferred oil and mineral exploration costs as at December 31, 2012 and 2011.

Movements of retirement benefits asset for the years ended December 31 are as follows:

	2012	2011
Beginning of year	**(P3,419,974)**	(P3,554,424)
Retirement benefits cost	**1,275,708**	134,450
Balance at end of year	**(P2,144,266)**	(P3,419,974)

Plan assets at December 31 comprised of:

	2012	2011
Cash	**P121**	P390
Investments	**6,415,739**	6,136,625
Payables	**(14,264)**	(13,903)
	P6,401,596	P6,123,112

The principal actuarial assumptions used were as follows:

	2012	2011	2010
Rate of salary increases	**4.5%**	4.5%	9%
Discount rate	**5.5%**	5.5%	7%
Expected return on plan assets	**5%**	5%	5%
Average future working years of service	**15**	15	12

Assumption regarding future mortality experience was set based on the 2001 Basic Group Mortality Table.

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The historical information of the amount for the current and previous four annual periods is as follows:

	2012	2011	2010	2009	2008
Present value of defined benefit obligation	**P3,694,304**	P2,140,112	P1,823,099	P28,243,558	P23,683,878
Fair value of plan assets	**6,401,596**	6,123,112	5,878,018	28,463,064	15,194,221
Deficit (surplus) in the plan	**(2,707,292)**	(3,983,000)	(4,054,919)	(219,506)	8,489,657
Experience adjustments on plan liabilities	-	(519,256)	1,537,554	(615,463)	(1,436,891)
Effects of changes in actuarial assumptions	-	(667,070)	(265,477)	(54,221)	(294,670)

The Company is not expecting to pay any contributions to defined benefits plans in 2013.

15. Lease Agreement

The Company leases the office space it presently occupies which is situated in Manila from FVC Land Resources Inc., a related party under common control. The lease was renewed for a period from March 16, 2008 to March 15, 2011. Upon expiration of the contract, it was renewed for another three (3) years from March 16, 2011 to March 15, 2014. Monthly rental for the lease period amounted to P73,297 exclusive of VAT and is subject for a 5% escalation every year.

The lease contract requires the Company to pay security deposit which is included under "Other noncurrent assets" account in the statements of financial position (see Note 10).

Rent expense for the years ended December 31, 2012, 2011 and 2010 amounted to P924,888, P869,087 and P767,866, respectively (see Note 17).

The future minimum rental payables non-cancellable operating lease as at December 31 are as follows:

	2012	2011
Less than one year	**P924,269**	P924,269
Between one year to five years	**192,556**	1,116,825
	P1,116,825	P2,041,094

16. Income Taxes

The components of income tax expense (benefit) for the years ended December 31 are as follows:

	2012	2011	2010
Current tax	**P321,440**	P356,158	P616,771
Deferred tax	**(302,142)**	877,309	(2,320,874)
	P19,298	P1,233,467	(P1,704,103)

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The net deferred tax assets recognized at December 31 consists of:

	2012	2011
Allowance for impairment losses on receivables	**P2,933,552**	P2,933,552
Unamortized past service cost	**2,604,485**	3,041,858
Unrealized foreign exchange (gain) loss - net	**180,567**	(176,236)
Retirement benefits asset	**(643,280)**	(1,025,992)
	P5,075,324	P4,773,182

The Company has temporary differences for which no deferred tax assets were recognized because management believes that it is not probable that sufficient taxable profit will be available against which the benefits of the deferred taxes can be utilized.

The temporary differences where no deferred tax assets have been recognized are as follows:

	Note	2012	2011
Allowance for impairment loss on unrecoverable deferred oil and mineral exploration costs	*9*	**P23,443,955**	P19,917,376
NOLCO		**8,110,413**	5,792,995
MCIT		**1,294,369**	1,771,974
		P32,848,737	P27,482,345

The details of NOLCO at December 31, which can be carried over as a deductible expense from taxable income for three consecutive years following the taxable year of incurrence are as follows:

Year Incurred	Amount	Expired	Balance	Expiry Date
2012	P2,317,418	P -	P2,317,418	December 31, 2015
2011	5,792,995	-	5,792,995	December 31, 2014
	P8,110,413	P -	P8,110,413	

The details of MCIT at December 31, which can be carried over as a deduction from income tax due for three consecutive years following the taxable year of payment, are as follows:

Year Incurred	Amount	Expired	Balance	Expiry Date
2012	P321,440	P -	P321,440	December 31, 2015
2011	356,158	-	356,158	December 31, 2014
2010	616,771	-	616,771	December 31, 2013
2009	799,045	(799,045)	-	December 31, 2012
	P2,093,414	(P799,045)	P1,294,369	

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The reconciliation of the income tax expense (benefit) computed using statutory income tax rates and the income tax expense (benefit) as shown in profit or loss for the years ended December 31 is as follows:

	2012	2011	2010
Income before income tax	**P10,789,271**	P12,219,721	P7,847,147
Income tax expense computed at statutory tax rate	**P3,236,781**	P3,665,916	P2,354,144
Additions to (reductions in) income taxes resulting from the tax effects of:			
Changes in unrecognized deferred tax assets	**1,275,594**	1,657,158	932,324
Expired MCIT	**799,045**	154,611	-
Expenses not deductible for tax purposes	**8,758**	40,739	231,236
Expired NOLCO	-	1,164,358	-
Interest income subject to final tax	**(4,908,757)**	(4,553,823)	(4,284,343)
Dividend income	**(392,123)**	(895,492)	(937,464)
Income tax expense (benefit)	**P19,298**	P1,233,467	(P1,704,103)

17. Related Party Transactions

The Company, in the normal course of business, transacts with other companies which are considered related parties due to common BOD. Transactions with the related parties are made on an arm's length basis and at normal market prices.

A summary of the Company's significant transaction and balances with related parties as at and for the years ended December 31 follows:

		2012		
		Amount of	**Outstanding Balances**	
Related Parties	*Note*	**Transactions for the Year**	**Due from Related Parties**	**Due to Related Parties**
Under Common Control				
Rent	*15*	**P924,888**	**P -**	**P -**
Key Management Personnel				
Receivable	*6*	**-**	**194,026**	-
Total		**P924,888**	**P194,026**	**P -**

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Related Parties	Note	2011 Amount of Transactions for the Year	Outstanding Balances Due from Related Parties	Due to Related Parties
Under Common Control				
Rent	*15*	P869,087	P -	P -
Key Management Personnel				
Receivable	*6*	-	260,400	-
Total		P869,087	P260,400	P -

Related Parties	Note	2010 Amount of Transactions for the Year
Under Common Control		
Rent	*15*	P767,866
Interest income		4,809,785
Total		P5,577,651

No provision has been required in 2012 and 2011 for the loans made to officers and employees, since they are collectible through salary deductions.

The details of key management compensation for the years ended December 31 are as follows:

	2012	2011	2010
Current:			
Salaries and short-term employee benefits	**P4,199,900**	P4,107,600	P6,224,758
Long-term:			
Retirement benefits cost	**1,275,708**	134,450	2,166,664
	P5,475,608	P4,242,050	P8,391,422

18. Staff Costs

Staff costs for the years ended December 31 consist of:

	Note	**2012**	2011	2010
Salaries and wages		**P4,749,968**	P5,674,019	P5,802,496
Employee benefits		**1,572,285**	1,649,185	1,987,261
Retirement benefits cost	*14*	**1,275,708**	134,450	6,314,490
		P7,597,961	P7,457,654	P14,104,247

The Company's BOD in its March 12, 2010 meeting decided to terminate the old retirement plan and settle all its liabilities. The BOD approved a revised retirement plan with graduated rates depending on years of service. The retirement program in March 2010 resulted to higher retirement benefits cost in 2010 amounting to P6,314,490.

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19. Financial Risk Management

The Company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks, and the Company's management of capital. Further quantitative disclosures are included in Note 20 to the financial statements.

The main purpose of the Company's dealings in financial instruments is to fund its operations and capital expenditures.

The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. The BOD established Audit Committee which oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. All risks faced by the Company are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Company's operations and detriment forecasted results. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The BOD reviews and institutes policies for managing the risks which are summarized below:

<u>Credit Risk</u>

Credit risk represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations, net of value of collaterals, if any. The Company monitors its outstanding receivables on an ongoing basis. The Company's credit risk arises principally from the Company's cash and cash equivalents, receivables, AFS financial assets and security deposits.

Credit risks are monitored through annual credit reviews conducted by management. Results of credit reviews are grouped and summarized according to credit characteristics, such as geographic location, aging profile and credit violations.

<u>Liquidity Risk</u>

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

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Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign Currency Risk

The Company holds AFS financial assets and receivables denominated in United States dollar (USD), hence, exposed to foreign currency translation risk. In respect of monetary assets and liabilities held in currencies other than the Philippine peso (PHP), the Company ensures that its exposure is kept to an acceptable level, by reviewing regularly the AFS financial assets and receivables portfolio to determine which investments should be sold.

Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital sturcture, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issued new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position. Capital for the reporting periods under review is summarized as follows:

	2012	2011
Total liabilities	**P2,992,333**	P2,614,070
Total equity	**1,375,826,684**	931,783,769
Debt to equity	**0.0022:1.00**	0.0028:1.00

The Company defines capital as equity, which includes capital stock, reserve for changes in value of AFS financial assets and retained earnings.

There were no changes in the Company's approach to capital management during the year.

As at December 31, 2012 and 2011, the Company is compliant with the minimum public float requirements of the PSE.

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20. Financial Instruments

Credit Risk

The carrying amounts of all the financial assets represent the Company's maximum credit exposure. The maximum exposure to credit risk at December 31 is as follows:

	Note	**2012**	2011
Cash and cash equivalents	*5*	**P998,695,331**	P540,003,268
Receivables	*6*	**18,616,967**	17,104,752
AFS financial assets	*7*	**41,002,675**	52,083,206
Security deposit	*10*	**234,692**	223,697
		P1,058,549,665	P609,414,923

The aging of receivables as at December 31, 2012 is as follows:

	Gross	**Impairment**
Current	**P3,194,378**	**P -**
Past due 0 - 30 days	-	-
Past due 31 - 120 days	**367,177**	-
More than one year	**24,833,917**	**9,778,505**
	P28,395,472	**P9,778,505**

The aging of receivables as at December 31, 2011 is as follows:

	Gross	Impairment
Current	P2,038,343	P -
Past due 0 - 30 days	-	-
Past due 31 - 120 days	-	-
More than one year	24,844,914	9,778,505
	P26,883,257	P9,778,505

Allowance for impairment losses on receivables as at and for the years ended December 31, 2012 and 2011 amounted to P9,778,505.

The Company does not hold any collateral as security. There is no concentration of credit risk as at December 31, 2012 and 2011.

As at December 31, 2012 and 2011, cash and cash equivalents, AFS financial assets and security deposit are of high grade quality. Balances that are impaired and long outstanding are considered as high risk. The remaining receivables that are past due but not impaired are of standard quality.

The credit qualities of financial assets are determined as follows:

- Cash and cash equivalents, available-for-sale financial assets and security deposit are based on the credit standing or rating of the counterparty.
- Receivables are based on a combination of credit standing or rating of the counterparty, historical experience and specific and collective risk assessment. For financial assets that are neither past due nor impaired, high grade quality financial assets are those assessed as having minimal credit risk, otherwise they are of standard quality.

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Liquidity Risk

The following are the contractual maturities of financial liabilities excluding the impact of netting agreements:

December 31, 2012	Carrying Amount	Contractual Cash Flows	6 Month or Less
Accrued expenses and other current payables*	**P2,265,294**	**P2,265,294**	**P2,265,294**

**Net of payable to government agencies.*

December 31, 2011	Carrying Amount	Contractual Cash Flows	6 Month or Less
Accrued expenses and other current payables*	P1,952,356	P1,952,356	P1,952,356

**Net of payable to government agencies.*

Currency Risk

The Company's foreign currency denominated monetary assets at December 31 consists of:

	2012	2011
Current assets:		
Cash and cash equivalents	**$95,005**	$61,291
AFS financial assets	**500,000**	500,000
Receivables	**107,203**	68,966
Total foreign currency denominated assets	**$702,208**	$630,257
PHP equivalent	**P28,846,705**	P27,630,467

There are no foreign currency-denominated liabilities at December 31, 2012 and 2011.

As at December 31, 2012 and 2011, the applicable exchange rate for USD1 = PHP41.08 and USD1 = PHP43.84, respectively.

Net foreign exchange gain (loss) recognized in profit or loss amounted to (P601,891), P587,453 and (P3,676,195) in 2012, 2011 and 2010, respectively.

Sensitivity Analysis

A 5% strengthening of the PHP against USD as at December 31, 2012 would have increased income before tax and equity by P1,442,335 and P1,009,635, respectively. Similarly, a 5% strengthening of the PHP against USD as at December 31, 2011 would have increased income before tax and equity by P1,381,523 and P967,066, respectively.

A 5% weakening of the PHP against the USD as at December 31, 2012 and 2011 would take the equal but opposite effect on the basis that all other variables remain constant.

Fair Values

Cash and Cash Equivalents, Receivables and Security Deposit. The carrying amount of cash and cash equivalents and receivables approximates fair value primarily due to the relatively short-term maturities of these financial instruments. In the case of security deposit, the fair value is based on the present value of expected future cash flows using the applicable discount rates based on current market rates of identical or similar quoted instruments.

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AFS Financial Assets. The fair values of publicly traded instruments and similar investments are based on quoted market prices in an active market. For debt instruments with no quoted market prices, a reasonable estimate of their fair values is calculated based on the expected cash flows from the instruments discounted using the applicable discount rates of comparable instruments quoted in active markets. Unquoted equity securities are carried at cost less impairment. .

Accrued Expenses and Other Current Payables. The carrying amount of accrued expenses and other payables approximates fair value due to the relatively short-term maturities of these financial instruments.

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 asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2012	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Asset				
AFS financial assets	**P41,002,675**	**P -**	**P -**	**P41,002,675**

As at December 31, 2011	Level 1	Level 2	Level 3	Total
Financial Asset				
AFS financial assets	P52,083,206	P -	P -	P52,083,206

As at December 31, 2012 and 2011, 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.

21. Contract and Agreements

The Company, as a member of various consortia, or in its individual capacity, is a party to various contracts and agreements with the Philippine government through the DOE and DENR. It also has farm-in and farm-out agreements with various parties in relation to the SC areas where the Company has participating interests (see Notes 8 and 9).

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22. Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010 and RR No. 19-2011 of the Bureau of Internal Revenue

In addition to the disclosures mandated under PFRSs, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRSs. The following is the tax information required for the taxable year ended December 31, 2012:

I. Based on Revenue Regulations (RR) No. 19-2011

A. Sales/Receipts/Fees

	Regular/ Normal Rate
Sale of goods	P4,139,787

B. Non-Operating and Taxable Other Income

	Regular/ Normal Rate
Gain on sale of AFS financial assets	P9,517,791
Unrealized gain in 2011, realized in 2012	587,453
Miscellaneous income	1,826,948
	P11,932,192

C. Itemized Deductions

	Regular/ Normal Rate
Staff costs	P6,322,253
Transportation and communication	3,503,738
Legal, professional and other fees	2,582,623
Oil exploration	1,428,763
Rent	924,888
Depreciation and amortization	487,529
Membership fees	311,560
Repairs and maintenance	268,589
Taxes and licenses	229,760
Utilities	214,272
Representation and entertainment	80,360
Miscellaneous expenses	577,151
Others:	
Amortization of past service cost	1,457,910
	P18,389,396

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II. Based on RR No. 15-2010

A. Value Added Tax (VAT)

1. Input VAT	
Beginning of the year	P6,177,505
Current year's domestic purchases:	
a. Goods other than for resale or manufacture	396,619
Balance at the end of the year	P6,574,124

B. Withholding Taxes

Tax on compensation and benefits	P1,334,570
Expanded withholding taxes	1,222,353
	P2,556,923

C. All Other Taxes (Local and National)

Other taxes paid during the year recognized under "Taxes and licenses" account under Cost of Sales & Operating Expenses	
License and permit fees	P229,760

D. Deficiency Tax Assessments

The Company has not received any tax assessment as at and for the year ended December 31, 2012.

E. Tax Cases

The Company has not been involved in any tax cases as at and for the year ended December 31, 2012.

F. The taxes applicable to the Company are limited to the items disclosed above.

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GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: ALCORN GOLD RESOURCES CORPORATION
CURRENT ADDRESS: 2/F TABACALERA BLDG. #2, 900 D. ROMUALDEZ SR. ST., PACO, MANILA
TEL. NO.: 5249236 FAX NO.: 5247452
COMPANY TYPE : HOLDING COMPANY PSIC:

NOTE:

This general form is applicable to companies engaged in Agriculture, Fishery, Forestry, Mining, and Quarrying, Manufacturing, Electricity, Gas and Water, Construction, Wholesale and Retail Trade, Transportation, Storage and Communications, Hotels and Restaurants, Community, Social and Personal Services, other forms of production and general business operations. Special forms shall be used by publicly-held companies and those engaged in non-bank financial intermediation activities, credit granting, and activities auxiliary to financial intermediation, which require secondary license from SEC.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

Table 1. Balance Sheet

FINANCIAL DATA	2012 (in P'000)	2011 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7)	1,378,819	934,398
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	1,060,548	610,568
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	998,705	540,013
A.1.1.1 On hand	10	10
A.1.1.2 In domestic banks/entities	8,114	1,112
A.1.1.3 In foreign banks/entities	990,581	538,891
A.1.2 Financial Assets other than Cash/Trade Receivables/Investments accounted for using the Equity Method (A.1.2.1 + A.1.2.2 + A.1.2.3 + A.1.2.4)	41,003	52,083
A.1.2.1 Short-term placements or investments in securities issued by domestic entities: (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4 + A.1.2.1.5)	41,003	52,083
A.1.2.1.1 National Government		
A.1.2.1.2 Public Financial Institutions	37,200	48,110
A.1.2.1.3 Public Non-Financial Institutions	3,803	3,973
A.1.2.1.4 Private Financial Institutions		
A.1.2.1.5 Private Non-Financial Institutions		
A.1.2.2 Short-term placements or investments in securities issued by foreign entities		
A.1.2.3 Others, specify		
A.1.2.4 Allowance for decline in market value (negative entry)		
A.1.3 Trade and Other Receivables (A.1.3.1 + A.1.3.2)	18,616	17,104
A.1.3.1 Due from domestic entities (A.1.3.1.1 + A.1.3.1.2 + A.1.3.1.3 + A.1.3.1.4)	18,616	17,104
A.1.3.1.1 Due from customers (trade)	3,194	3,194
A.1.3.1.2 Due from related parties		
A.1.3.1.3 Others, specify		
Due from unaffiliated companies	25,006	23,428
Officers & employees	194	260
A.1.3.1.4 Allowance for doubtful accounts/bad debts/probable losses (negative entry)	(9,778)	(9,778)
A.1.3.2 Due from foreign entities, specify (A.1.3.2.1 + A.1.3.2.2 + A.1.3.2.3 + A.1.3.2.4 + A.1.3.2.5)		
A.1.3.2.1		
A.1.3.2.2		
A.1.3.2.3		
A.1.3.2.4		
A.1.3.2.5 Allowance for doubtful accounts/bad debts/probable losses (negative entry)		
A.1.4 Inventories (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)		
A.1.4.1 Raw materials and supplies		
A.1.4.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)		
A.1.4.3 Finished goods/products/factory supplies/office supplies		-

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TEL. NO.: 5249236 FAX NO.: 5247452

COMPANY TYPE : HOLDING COMPANY PSIC:

Table 1. Balance Sheet

FINANCIAL DATA	2012 (in P'000)	2011 (in P'000)
A.1.4.4 Merchandise/Mechanical stores/Goods in transit		
A.1.4.5 Labor and other costs of personnel (in case of service providers)		
A.1.4.6 Revaluation surplus (includes spoilage, losses due to fire and changes in prices)		
A.1.5 Other Current Assets (Prepayments)	2,223	1,366
A.2 Property, plant, equipment and machinery (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7)	160,378	161,251
A.2.1 Land (incl. land for future plant expansion, unused land and improvements)		
A.2.2 Building and improvements including leasehold improvement	206	206
A.2.3 Machinery and equipment (on hand and in transit)		
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, delivery	3,940	4,977
A.2.5 Others, specify		
Office furnitures & equipments	1,973	1,934
Wells, platforms & other facilities	204,955	204,955
A.2.6 Appraisal increase, specify		
A.2.7 Accumulated Depreciation (negative entry)	(50,696)	(50,821)
A.3 Investments excluding that which is recorded in current assets(net of allowance for decline in value) (A.3.1 + A.3.2 + A.3.3 + A.3.4)		
A.3.1 Equity in domestic subsidiaries/affiliates		
A.3.2 Equity in foreign branches/subsidiaries/affiliates		
A.3.3 Allowance for decline in market value (negative entry)		
A.4 Others, specify		
Security Deposit		
Club Membership		
Retirement Asset		
A.5 Intangible Assets	150,158	153,882
A.6 Long-term receivables		
A.6.1 Long-term receivables (net of current portion) (A.6.1.1 + A.6.1.2 + A.6.1.3)		
A.6.1.1 From domestic entities		
A.6.1.2 From foreign entities		
A.6.1.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.7 Other Assets (A.7.1 + A.7.2 + A.7.3 + A.7.4)	7,734	8,697
A.7.1 Deferred charges - net of amortization	5,075	4,773
A.7.2 Advance/Miscellaneous deposits	2,659	3,924
A.7.3 Others, specify		
A.7.4 Allowance for write-down of defferred charges (negative entry)		
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5 + B.6)	2,992	2,614
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4)	2,992	2,614
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4 + B.1.1.5 + B.1.1.6)	2,549	2,136
B.1.1.1 Loans/Notes Payables		
B.1.1.2 Payables to Subsidiaries		
B.1.1.3 Payables to Related Parties		
B.1.1.4 Advances from Directors, Officers, Employees and Principal Stockholders		
B.1.1.5 Accruals	2,549	2,136

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TEL. NO.: 5249236 FAX NO.: 5247452
COMPANY TYPE : HOLDING COMPANY PSIC:

Table 1. Balance Sheet

FINANCIAL DATA	2012 (in P'000)	2011 (in P'000)
B.1.1.6 Others, specify		
Payable to SC 51 operator		0
B.1.3 Trade and Other Payables to Foreign Entities, specify		0
B.1.4 Others (specify indicate if the item is payable to public/private and financial/non-financial institutions)		0
Pag-ibig		
SSS		
Philhealth		
AP Others		0
B.2 Tax Liabilities and Assets (Income Tax & Withholding Tax)	443	478
B.3 Provisions		0
B.4 Long-term Debt - Non-current Interest-bearing Liabilities (B.4.1 + B.4.2 + B.4.3 + B.4.4 + B.4.5)		0
B.4.1 Domestic Public/Government Financial Institutions or Corporations		
B.4.2 Domestic Public/Government Non-Financial Institutions or Corporations		
B.4.3 Domestic Private Financial Corporations		
B.4.4 Domestic Private Non-Financial Corporations		
B.4.5 Foreign Financial Corporations		
B.5 Indebtedness to Affiliates and Related Parties (Non-Current)		
B.6 Other Liabilities (B.6.1 + B.6.2)		0
B.6.1 Deferred Income Tax		0
B.6.2 Others, specify		
Estimated Liability for retirement benefits		0
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9)	1,375,827	931,784
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details)	3,000,000	3,000,000
C.1.1 Common shares 30,000,000,000,000 shares @ P0.01 par	3,000,000	3,000,000
C.1.2 Preferred Shares		
C.1.3 Others		
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1+ C.2.2+C.2.3)	0	144,416
C.2.1 Common shares 65,112,056,727 shares @ P0.01 par	577,859	577,859
C.2.2 Preferred Shares		
C.2.3 Others (Subcription Receivables)	0	(433,443)
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)	1,275,000	697,141
C.3.1 Common shares	1,275,000	697,141
C.3.2 Preferred Shares		
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus		
C.5 Others, specify		
Reserve for fluctuations in value of available-for-sale financial assets	2,624	2,794
C.6 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus		0
C.7 Retained Earnings (C.7.1 + C.7.2)	98,203	87,433
C.7.1 Appropriated		
C.7.2 Unappropriated	98,203	87,433
C.8 Head / Home Office Account (for Foreign Branches only)		0
C.9 Cost of Stocks Held in Treasury (negative entry)		0
TOTAL LIABILITIES AND EQUITY (B + C)	1,378,819	934,398

Control No.:
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GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: ALCORN GOLD RESOURCES CORPORATION

CURRENT ADDRESS: 2/F TABACALERA BLDG. #2, 900 D. ROMUALDEZ SR. ST., PACO, AMNILA

TEL. NO.: 5249236 FAX NO.: 5247452

COMPANY TYPE : HOLDING COMPANY PSIC:

Table 2. Income Statement

FINANCIAL DATA	2012 (in P'000)	2011 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3)	33,154	36,560
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining,utilities, trade, services, etc.) (from Primary Activity)	4,140	5,811
A.2 Other Revenue (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5)		0
A.2.1 Rental Income from Land and Buildings		
A.2.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)		
A.2.3 Sale of Real Estate		
A.2.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)		
A.2.5 Others, specify		
Rental Income, Equipment		
A.3 Other Income (non-operating) (A.3.1 + A.3.2 + A.3.3 + A.3.4)	29,014	30,749
A.3.1 Interest Income	16,363	15,767
A.3.2 Dividend Income	3,134	3,032
A.3.3 Gain / (**Loss**) from selling of Assets, specify	9,517	11,950
A.3.4 Others, specify		0
Gain / (**Loss**) on Foreign Exchange		
Income from sale of Petroleum Interest		
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)		0
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)		
B.1.1 Direct Material Used		
B.1.2 Direct Labor		
B.1.3 Other Manufacturing Cost / Overhead		0
B.1.4 Goods in Process, Beginning		
B.1.5 Goods in Process, End (**negative entry**)		
B.2 Finished Goods, Beginning		
B.3 Finished Goods, End (**negative entry**)		
C. COST OF SALES (C.1 + C.2 + C.3)		0
C.1 Purchases		
C.2 Merchandise Inventory, Beginning		
C.3 Merchandise Inventory, End (**negative entry**)		
D. GROSS PROFIT (A - B - C)	33,154	36,560

Control No.:
Form Type: GFFS1

GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: ALCORN GOLD RESOURCES CORPORATION
CURRENT ADDRESS: 2/F TABACALERA BLDG. #2, 900 D. ROMUALDEZ SR. ST., PACO, MANILA
TEL. NO.: 5249236 FAX NO.: 5247452
COMPANY TYPE : HOLDING COMPANY PSIC:

Table 2. Income Statement

FINANCIAL DATA	2012 (in P'000)	2011 (in P'000)
E. OPERATING EXPENSES (E.1 + E.2 + E.3 + E.4)	22,365	24,340
E.1 Selling or Marketing Expenses		
E.2 Administrative Expenses	7,598	7,458
E.3 General Expenses	12,850	12,123
E.4 Other Expenses, specify		
Production Expense	1,429	4,092
Depreciation, depletion & amortization	488	667
Forex Loss		0
F. FINANCE COSTS (F.1 + F.2 + F.3)		
F.1 Interest		
F.2 Amortization		
F.3 Other interests, specify		
G. Share of Income and Losses of Associates and Joint Ventures accounted for using the Equity Method		
H. Net Income (Loss) Before Tax (D - E - F + G)	10,789	12,220
I. Extraordinary Income (Expenses), if any		
J. Net Income (Loss) After Extraordinary Items (H + I)	10,789	12,220
K. Provision for (Benefit from) Income Tax	19	1,233
L. Net Income (Loss) for the Year (J - K)	10,770	10,987
M. Retained Earnings, Beginning	87,433	76,446
N. Dividends Payable (N.1 + N.2 + N.3)		
N.1 Cash (negative entry)		
N.2 Stock (negative entry)		
N.3 Others (negative entry)		
O. Unrealized Items, specify		
P. Retained Earnings, End	98,203	87,433

Control No.:
Form Type: GFFS1

GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: ALCORN GOLD RESOURCES CORPORATION

CURRENT ADDRESS: 2/F TABACALERA BLDG. #2, 900 D. ROMUALDEZ SR. ST., PACO, MANILA

TEL. NO.: 5249236 FAX NO.: 5247452

COMPANY TYPE : HOLDING COMPANY PSIC:

Table 3. Cash Flow Statements

FINANCIAL DATA	2012 (in P'000)	2011 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss) for the Year	10,789	12,220
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation & amortization	488	667
Amortization, specify:		
Gain on sale of available-for-sale financial assets	(9,518)	(11,950)
Provision for doubtful accounts		0
Others, specify: Unrealized forex exchange (gain) loss	602	(587)
Interest Income	(16,363)	(15,179)
Provision for impairment of receivables		
Dividend Income	(1,307)	(2,985)
Provision for unrecoverable deferred costs	3,527	2,940
Provision for retirement benefits	1,276	134
Gain on disposal of property and equipment	(466)	0
Gain on sale of petroleum interest		0
Write-down of Property, Plant, and Equipment		0
Changes in Assets and Liabilities:		0
Decrease (Increase) in:		
Receivables	(1,512)	(1,025)
Inventories		
Other Current Assets	(857)	79
Others, specify:		
Increase (Decrease) in:		
Trade and Other Payables	413	672
Income and Other Taxes Payable	(356)	(527)
Others, specify: Retirement fund contribution		
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)	**(13,284)**	**(15,541)**
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) in Long-term Receivables		
(Increase) Decrease in Investment		
Reductions/(Additions) to Property, Plant, and Equipment	(39)	(207)
Others, specify: (Acquisitions)/Sale of marketable securities	(139,090)	0
Proceeds from sale of available-for-sale financial assets	159,518	132,238
Decrease(increase) in deferred costs: oil exploration	(258)	(445)
Decrease(increase) in deferred costs: mineral exploration and others	603	1,899
Addition in security deposit	(11)	(10)
Dividend Received	1,307	2,985
Proceeds from disposal of property and equipment	742	
Interest Received	16,363	14,932
B. Net Cash Provided (Used in) Investing Activities (sum of above rows)	**39,135**	**151,392**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Loans		
Long-term Debt		
Issuance of Securities		0
Others, specify: Collection of subscription receivable	433,443	56,480
Payments of:		
(Loans)		
(Long-term Debt)		
(Stock Subscriptions)		
Others, specify (negative entry):		
C. Net Cash Provided by (Used in) Used in Financing Activities (sum of above rows)	**433,443**	**56,480**
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(602)	587
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)	458,692	192,921
Cash and Cash Equivalents		
Beginning of year	540,013	347,094
End of year	998,705	540,015

Control No.:
Form Type: GFFS1

GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: ALCORN GOLD RESOURCES CORPORATION

CURRENT ADDRESS: 2/F TABACALERA BLDG. #2, 900 D. ROMUALDEZ SR. ST., PACO, MANILA

TEL. NO.: 5249236 FAX NO.: 5247452

COMPANY TYPE : HOLDING COMPANY PSIC:

Table 4. Statement of Changes in Equity

Fiscal Year : December 31, 2012 & 2011

	(Amount in P'000)					
FINANCIAL DATA	Capital Stock	Additional Paid-in Capital	Reserve for fluctuations	Translation Differences	Retained Earnings	TOTAL
A. Balance, Beginning - 12/31/08	1,275,000		2,624		98,203	1,375,827
A.1 Correction of Fundamental Error						
A.2 Changes in Accounting Policy						
B. Restated Balance						
B.1 Surplus (Deficit) on Revaluation of Properties						
B.2 Surplus (Deficit) on Revaluation of Investments						
B.3 Currency Translation Differences (negative entry)						
C. Net Gains (Losses) not recognized in the Income Statement						
C.1 Net Income (Loss) for the Period						0
C.2 Dividends (negative entry)						
C.3 Current Appropriation for Contingencies						0
C.4 Issuance of Capital Stock						
C.4.1 Common Stock						
C.4.2 Preferred Stock						
C.4.3 Others						
D. Balance, End - 12/31/09	1,275,000		2,624		98,203	1,375,827

Table 4a. Statement of Recognized Gains and Losses

FINANCIAL DATA	2012 (in P'000)	2011 (in P'000)
A. Surplus (Deficit) on Revaluation of Properties		0
B. Surplus (Deficit) on Revaluation of Investments		0
C. Exchange Differences on translation of the Financial Statements of Foreign Entities		0
D. Net Gains (Losses) not recognized in the Income Statement-Reserve for fluctuations in value of Available-for-sale financial assets	2,794	838
E. Net Income for the Period	10,770	10,986
Total Recognized Gains (Losses) (A + B + C + D + E)	13,564	11,824
Effect of Changes in Accounting Policy		0

ALCORN GOLD RESOURCES CORPORATION
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER SRC RULE 68, AS AMENDED (2011)

Schedule II

Key Performance Indicators

Financial Ratios	Formula	2012	2011
Profit Margin	Net Income / Net Revenue	32%	30%
Current Ratio	Current Asset / Current Liabilities	354	234
Solvency Ratio	Net Income after Tax + Depreciation / Total Liabilities	3.76	4.45
Debt-to-Equity Ratio (DE Ratio)	Total Liabilities / Total Stockholders' Equity	0.0022	0.0028
Return on Asset	Net Income / Ave. Total Assets	0.93%	1.22%
Return on Investment (ROI)	Net Income / Ave. Stockholder's Equity	0.93%	1.22%
Asset Turnover	Net Revenue / Ave. Total Assets	2.87%	4.06%

KPMG

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Board of Directors and Stockholders
Alcorn Gold Resources Corporation
2nd Floor, Tabacalera Building #2
900 D. Romualdez Sr. Street, Paco, Manila

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Alcorn Gold Resources Corporation (the "Company") as at December 31, 2012 and 2011 and for each of the three years in the period ended December 31, 2012, included in this Form 17-A, and have issued our report thereon dated February 25, 2013.

Our audits were made for the purpose of forming an opinion on the basic financial statements of the Company taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Company's management.

- Reconciliation of Retained Earnings Available for Dividend Declaration
- Schedule of Philippine Financial Reporting Standards
- Supplementary Schedules of Annex 68-E

This supplementary information is presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

MANABAT SANAGUSTIN & CO., CPAs

ADOR C. MEJIA
Partner
CPA License No. 0029620
SEC Accreditation No. 0464-AR-1, Group A, valid until March 17, 2013
Tax Identification No. 112-071-634
BIR Accreditation No. 08-001987-10-2010
Issued June 30, 2010; valid until June 29, 2013
PTR No. 3669522MC
Issued January 2, 2013 at Makati City

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February 25, 2013
Makati City, Metro Manila

ALCORN GOLD RESOURCES CORPORATION
2nd Floor, Tabacalera Building #2
900 D. Romualdez Sr. Street, Paco, Manila
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

		(Figures based on functional currency audited financial statements as at and for the December 31, 2012)
Unappropriated Retained Earnings, as adjusted beginning		**P87,433,019**
Net Income based on the face of audited financial statements	P10,769,973	
Less: Non-actual/unrealized income, net of tax		
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	-	
Unrealized actuarial gain	-	
Fair value adjustment (M2M gains)	-	
Fair value adjustment of Investment Property resulting to gain Adjustment due to deviation from PFRS/GAAP - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Deferred tax benefit	(302,142)	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS/GAAP - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Net Income Actual/Realized		**10,467,831**
Add (Less):		
Dividend declarations during the period		-
Appropriations of Retained Earnings during the period		-
Reversal of appropriations		-
Effects of prior period adjustments		-
Treasury shares		-
		-
Unappropriated Retained Earnings, as adjusted, ending		**P97,900,850**

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ALCORN GOLD RESOURCES CORPORATION

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2012		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics				
PFRSs Practice Statement Management Commentary				
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✔
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✔
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✔
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✔
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✔
	Amendments to PFRS 1: Government Loans			✔
PFRS 2	Share-based Payment			✔
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✔
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✔
PFRS 3 (Revised)	Business Combinations			✔
PFRS 4	Insurance Contracts			✔
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✔
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✔
PFRS 6	Exploration for and Evaluation of Mineral Resources	✔		

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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2012		Adopted	Not Adopted	Not Applicable
PFRS 7	Financial Instruments: Disclosures	✔		
	Amendments to PFRS 7: Transition		✔	
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets		✔	
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition		✔	
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments		✔	
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✔		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities		✔	
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✔	
PFRS 8	Operating Segments	✔		
PFRS 9	Financial Instruments		✔	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✔	
PFRS 10	Consolidated Financial Statements			✔
PFRS 11	Joint Arrangements			✔
PFRS 12	Disclosure of Interests in Other Entities			✔
PFRS 13	Fair Value of Financial Instruments	✔		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✔		
	Amendment to PAS 1: Capital Disclosures	✔		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✔
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income		✔	
PAS 2	Inventories			✔
PAS 7	Statement of Cash Flows	✔		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✔		
PAS 10	Events after the Balance Sheet Date	✔		
PAS 11	Construction Contracts			✔
PAS 12	Income Taxes	✔		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✔

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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2012		Adopted	Not Adopted	Not Applicable
PAS 16	Property, Plant and Equipment	✔		
PAS 17	Leases	✔		
PAS 18	Revenue	✔		
PAS 19	Employee Benefits	✔		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures		✔	
PAS 19 (Amended)	Employee Benefits		✔	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✔
PAS 21	The Effects of Changes in Foreign Exchange Rates	✔		
	Amendment: Net Investment in a Foreign Operation			✔
PAS 23 (Revised)	Borrowing Costs			✔
PAS 24 (Revised)	Related Party Disclosures	✔		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✔
PAS 27 (Amended)	Separate Financial Statements		✔	
PAS 28 (Amended)	Investments in Associates and Joint Ventures		✔	
PAS 29	Financial Reporting in Hyperinflationary Economies			✔
PAS 31	Interests in Joint Ventures	✔		
PAS 32	Financial Instruments: Disclosure and Presentation	✔		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✔
	Amendment to PAS 32: Classification of Rights Issues			✔
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✔
PAS 33	Earnings per Share	✔		
PAS 34	Interim Financial Reporting	✔		
PAS 36	Impairment of Assets	✔		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✔		
PAS 38	Intangible Assets	✔		

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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
PAS 39	Financial Instruments: Recognition and Measurement	✔		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✔
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✔
	Amendments to PAS 39: The Fair Value Option			✔
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✔
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✔
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			✔
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✔
	Amendment to PAS 39: Eligible Hedged Items			✔
PAS 40	Investment Property			✔
PAS 41	Agriculture			✔
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✔
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✔
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*	✔		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✔
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✔
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✔
IFRIC 8	*Scope of PFRS 2*			✔
IFRIC 9	Reassessment of Embedded Derivatives			✔
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✔
IFRIC 10	*Interim Financial Reporting and Impairment*	✔		
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✔
IFRIC 12	Service Concession Arrangements	✔		

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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
IFRIC 13	Customer Loyalty Programmes			✔
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✔		
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement	✔		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✔
IFRIC 17	Distributions of Non-cash Assets to Owners			✔
IFRIC 18	Transfers of Assets from Customers			✔
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✔
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	✔		
SIC-7	Introduction of the Euro			✔
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✔
SIC-12	Consolidation - Special Purpose Entities			✔
	Amendment to SIC - 12: Scope of SIC 12			✔
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✔
SIC-15	Operating Leases - Incentives			✔
SIC-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets			✔
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✔
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✔		
SIC-29	Service Concession Arrangements: Disclosures.	✔		
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✔
SIC-32	Intangible Assets - Web Site Costs			✔

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ALCORN GOLD RESOURCES CORPORATION

INDEX TO FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2012

A. MARKETABLE SECURITIES (CURRENT MARKETABLE EQUITY SECURITIES AND OTHER SHORT-TERM CASH INVESTMENTS)

B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

C. NONCURRENT MARKETABLE EQUITY SECURITIES, OTHER LONG-TERM INVESTMENTS IN STOCK, AND OTHER INVESTMENTS

D. INDEBTEDNESS OF UNCONSOLIDATED SUBSIDIARIES AND RELATED PARTIES

E. DEFERRED OIL AND MINERAL EXPLORATION COSTS

F. LONG TERM DEBTS

G. INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)

H. GUARANTEES OF SECURITIES OF OTHER ISSUERS

I. SHARE CAPITAL

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SECOND SECTION

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SCHEDULE A

ALCORN GOLD RESOURCES CORPORATION
SCHEDULE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS
DECEMBER 31, 2012

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds	Amount shown in the balance sheet	Value based on market quotation at end of reporting period	Dividend / Gain on Sale / Interest Income received and accrued
Ayala Land, Inc.	199	P5,174	P5,174	P -
Ayala Preferred A (ACPA)	20,280	10,140,000	10,545,600	48,840
Ayala Preferred B (ACPR)	213,430	-	-	877,118
Petron Preferred	40,000	4,000,000	4,328,000	381,120
Aboitiz Equity Ventures, Inc. Shares	7,800	409,500	409,500	-
JG Summit Holdings Inc. Shares	88,000	3,388,000	3,388,000	-
SMC Preferred Shares	667,000	50,025,000	50,025,000	-
SMIC Bonds	50,000,000	50,000,000	50,000,000	1,200,000
SMGP Bonds		500,000	500,000	32,555
Retail Treasury Bonds	150,000,000	-	-	9,517,791
Temporary placements - various banks	840,581,584	911,116,585	911,116,585	15,129,969
		P1,029,584,259		**P27,187,393**

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APR 02 2013

SCHEDULE B

ALCORN GOLD RESOURCES CORPORATION

SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL SHAREHOLDERS
(OTHER THAN RELATED PARTIES)

Name	31-Dec-11	Additions	Collections	Written-off	Current	Non-Current	31-Dec-12
ıides C. Ramos	P -	P146,000	P -	P -	P146,000	P -	P146,000
ciano K. Mathay	125,400	-	125,400	-	-	-	-
ıardo B. Dayao	135,000	-	86,974	-	48,026	-	48,026
rs	-	-	-	-	-	-	-
	P260,400	**P146,000**	**P212,374**	**-**	**P194,026**	**P -**	**P194,026**

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APR 02 2013
RDO CODE - 034
BRANCH CODE 010-101
Teller No. Teller's Initial

SCHEDULE C

ALCORN GOLD RESOURCES CORPORATION

)UNTE RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

Name	31-Dec-11	Additions	Collections	Written-off	Current	Non-Current	31-Dec-12
NONE							

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RDO CODE - 034
BRANCH CODE 010-103
Teller No. Teller's Initial

SCHEDULE D

ALCORN GOLD RESOURCES CORPORATION

SCHEDULE OF DEFERRED OIL AND MINERAL EXPLORATION COSTS

red Costs	December 31, 2011	Additions at cost	Charge to cost and expenses	Charged to other accounts	Other Changes	December 31, 2012
xploration						
SC14	P59,792,464	P2,734,841	P -	P -	(P1,158,614)	P61,368,691
SC6A	17,413,787	(66,297)				17,347,490
SC6B	5,640,386	51,395				5,691,781
SC51	32,806,645	2,531				32,809,176
Other Philippine Area-Oil	527,188	122				527,310
reign Area-Oil						
al exploration						
Gold project	28,127,945	(1,979,763)				26,148,182
Nickel project	19,206,488	1,405				19,207,893
Cement project	9,322,238	211,722				9,533,960
Other Mineral Projects	382,338					382,338
rs	580,177	4,749				584,926
Allowance for Impairments	(19,917,376)		(3,526,579)			(23,443,955)
	P153,882,280	**P960,705**	**(P3,526,579)**	**P -**	**(P1,158,614)**	**P150,157,792**

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APR 02 2013
RDO CODE - 034
BRANCH CODE 010-10
Teller No. Teller's Initial

SCHEDULE E

ALCORN GOLD RESOURCES CORPORATION

LONG TERM DEBT
DECEMBER 31, 2012

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debts" in related balance sheet	Amount shown under caption "ont-term debts" in related balance sheet
NONE			

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SCHEDULE F

ALCORN GOLD RESOURCES CORPORATION

INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2012 AND 2011

Name of Affiliate	Balance at beginning of period	Balance at end of period
	NONE	

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BRANCH CODE 010-101
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SCHEDULE G

ALCORN GOLD RESOURCES CORPORATION

GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2012

Name of issuing entity of securities guaranteed by the Company for which this statement is filed	Title of issues of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee
		NONE		

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BRANCH CODE 010-101
Teller No. ____ Teller's Initial ____

SCHEDULE H

ALCORN GOLD RESOURCES CORPORATION

SCHEDULE OF SHARE CAPITAL
DECEMBER 31, 2012

Title of issue	Number of shares authorized	Number of shares issued,subscribed and outstanding	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
nmon shares	300,000,000,000	127,500,000,000	-	55,205,250,000	9,406,480,000	

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SCHEDULE III-A

ALCORN GOLD RESOURCES CORPORATION
MAP OF COMPANIES SHOWING THE RELATIONSHIPS BETWEEN AND AMONG OTHER COMPANIES
As of December 31, 2012

ALCORN GOLD RESOURCES CORPORATION

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

Contents

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)
ASSETS		
Current Assets		
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
Total Current Assets	**1,063,074,113**	**1,060,548,522**
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
Total Noncurrent Assets	**318,853,635**	**318,270,495**
	1,381,927,748	**1,378,819,017**
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities		
Accrued expenses and other payables	2,576,991	2,548,862
Other current liabilities	443,470	443,471
Total Current Liabilities (Note 9)	**3,020,461**	**2,992,333**
Stockholder's Equity		
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
Total Stockholder's Equity	**1,378,907,287**	**1,375,826,684**
Total Liabilities & Stockholders' Equity	**1,381,927,748**	**1,378,819,017**

Unaudited-For Management Purposes Only. See Acompanying Notes

Revenues		
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
Total Revenues	11,134,483	5,177,061
Cost and Expenses:		
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
Total Cost and Expenses	8,053,880	4,632,215
Net Income (Loss) for the Year	3,080,603	544,846
Earnings Per Share	0.000024	0.000004

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					
Balance, March 31, 2012	**697,140,569**	**144,415,958**	**2,794,223**	**87,977,865**	**932,328,615**
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					
Balance, March 31, 2013	**1,275,000,000**	**-**	**2,623,692**	**101,283,595**	**1,378,907,287**

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
CASH FLOWS FROM OPERATING ACTIVITIES		
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)
CASH FLOW FROM INVESTING ACTIVITIES		
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
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	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
CASH AND CASH EQUIVALENTS BALANCE AT END OF YEAR	**943,423,448**	**541,586,291**

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 2nd 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 Accounting Standard (PAS) 34 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.

In deciding how to recognise, measure, classify, or disclose an item for interim financial reporting purposes, materiality has been assessed in relation to the interim period financial data. In making assessments of materiality, it has been recognised that interim measurements may rely on estimates to a greater extent than measurements of annual financial data.

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

The Company has no any interim operations that are seasonal or cyclical. There are no any unusual nature or amount of items affecting assets, liabilities, equity, net income or cash flows.

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:

Aging of Account Receivables

Accounts		Balance	Age: Less Than 30 days	30 to 60 days	More Than 60 days
Trade	P	3,194,378			3,194,378
Receivables from SC 14 partners		11,556,847		11,556,847	0
Input Vat		7,257,027		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	18,813,874	3,350,378
Less Allow. For doubtful accounts		(9,778,505)			(9,778,505)
Receivables, net	P	21,147,489	8,761,742	18,813,874	-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

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
	5,832,171	2,361,397

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.	**Market values.** 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	**Currency risk.** Sensitivity analysis. The company has less than US$550,000 currency in its books. With such

			share in the development of the field	amount for every P1 appreciation in Php against US$ would have been increase in income by ₱550,000 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.	**Liquidity risk**.Liquidity ratio is 196:1 **Aging of receivables:** Based on aging of receivables of ₱9.7M is impaired. Nonetheless, this has already been covered by setting up allowance.
Prepayment & other current assets	2,223,481	7,838,053		
Total	**1,060,548,522**	**1,063,074,113**		

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
Financial Asset				
AFS financial assets	90,665,123	-	-	90,665,123

As of December 31, 2012	Level 1	Level 2	Level 3	Total
Financial Asset				
AFS financial assets	41,002,675	-	-	41,002,675

As of December 31, 2011	Level 1	Level 2	Level 3	Total
Financial Asset				
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 1st 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

Schedule of Financial Soundness Indicators

- Current Ratio (Current Asset / Current Liabilities), measures the short-term debt-paying ability of the Company.
- Debt to Equity Ratio (Liabilities / Shareholders Equity), measure of a company's financial leverage
- Solvency Ratios (After Tax Net Profit + Depreciation / Total Liabilities , measure a company's ability to meet long-term obligations
- Equity Multiplier (Total Assets / Total Shareholders' Equity), measure how a company uses debt to finance its assets.
- Interest Rate Coverage (EBIT/ Interest Expense), measure how easily a company can pay interest on outstanding debt
- Profit Margin (Net Income / Net Revenue), measures the net income produced for each peso of sales.

Performance Indicator	**2013**	**2012**	**2011**
Current Ratio	351.96%	196.72%	357.01%
Debt to Equity Ratio	0% (debt free)	0% (debt free)	0% (debt free)
Solvency Ratio	101.99%	17.52%	128.17%
Asset-to-Equity Ratio	100.22%	10.33%	10.33%
Interest Rate Coverage	NA (no debt)	NA (no debt)	NA (no debt)
Profit Margin	27.66%	10.52%	30.39%

Annex "C" Information concerning disagreements with accountants

Manabat Sanagustin & Co., KPMG, has been the external auditor of the Company since 2008, and since then there has been no disagreements with them concerning any matter related to the accounting and financial disclosure.

ANNEX D Management's Discussion and Analysis (MD&A) or Plan of Operations

The selected financial information set forth in the following table has been derived from the Company's audited financial statements for the years ended December 31, 2012, 2011 and 2010 and should be read in conjunction with the financial statements and notes thereto contained in this Annual Report and the section entitled "Management's Discussion and Analysis of Financial Condition" and other financial information included therein.

The financial statements as of the Company were prepared by Manabat Sanagustin & Co., CPA (KPMG) in accordance with Philippine Financial Reporting Standards. The summary of financial information set out below does not purport to project the results of operations or financial conditions of the Company for any future period or date.

a) Plan of Operation

On December 11, 2012 the stockholders in a meeting approved the subscription of Lucio L. Co Group to the unissued authorized capital stock of the Company from the increase of the authorized capital stock of Alcorn Gold Resources Corporation at a subscription price price of P15 per share for a total of 4,987,560,379 shares at an aggregate subscription price of P74,813,405,685 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, Inc., Fertuna Holdings, Inc. Premier Wine & Spirits, Inc., Montosco Inc., Meritus Prime Distributions, Inc. and Pure Petroleum, Inc. (collectively, the "Subsidiaries"), and the corresponding payment thereof by way 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 Board of Directors (the "Transaction")Lucio L. Co Group consists of Lucio L. Co, Susan P. Co, Ferdinand Vincent P. Co, Pamela Justine P. Co, Camille Clarisse P. Co, Katrina Marie P. Co and Jose Paulino Santamarina.

Further, the company shall be re-named Cosco Capital, Inc. upon its approval by the Securities and Exchange Commission.

With the above changes which shall happen in 2013 after the approval of SEC and PSE, the Company shall operate strictly as a holding company with its subsidiaries as follows: Puregold Price Club, Inc., Ellimac Prime Holdings, Inc., Go Fay & Co., Incorporada, SVF Corporation, Nation Realty, Inc., 118 Holdings, Inc., Patagonia Holdings, Inc., Fertuna Holdings, Inc. Premier Wine and Spirits, Inc., Montosco Inc., Meritus Prime Distributions, Inc., and Pure Petroleum, Inc. The mining operations and its current projects however will still continue under a new company which shall also become a subsidiary of the Company.

Operationally, the change will necessitate a shift of focus from a narrow, technical lens for mining, to a broader expertise geared towards mass marketing.

In a macro perspective, the effect shall be a transformation of the Corporation into a conglomerate whose interests intertwine with the ongoing Philippine success story in the larger economy.

Specifically, this transformation allows the Corporation to participate in the country's burgeoning income levels as the common strand that weaves thru the various assets/stocks injected is that they all cater - in one form or another - to the country's engine for growth: rising consumption levels from the country's lower middle class. The company is positioning itself to benefit from future economic growth in a big way.

b) Management's Discussion and Analysis of Financial Condition and Results of Operations

Top 5 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.
- Debt to Equity Ratio (Liabilities / Shareholders Equity), measure of a company's financial leverage

The following table shows the Top 5 key performance indicators for the past three fiscal years:

Performance Indicator	2012	2011	2010
ROI	0.93%	1.22%	1.25%
Profit Margin	32%	30%	20%
Liquidity Ratio	354	234	253
Asset turnover	2.87%	4.06%	6.30%
Debt / Equity Ratio	0% (debt free)	0% (debt free)	0% (debt free)

Review of Operations

Income Statements

Results of Operations

Year Ended December 31,	**2012**	**2011**	**2010**
Petroleum Revenue	4,140	5,811	10,049
Petroleum Production Costs	(1,429)	(4,092)	(3,258)
Income from Operations	2,711	1,719	6,791
Interest Income from bank and short term placements	16,363	15,179	19,091
Gain on sale of available-for-sale financial assets	9,518	11,950	15,682
Foreign exchange gain	-	587	-
Dividend income & other income	3,134	3,032	3,423
Other Income	29,015	30,748	38,196
	31,726	**32,467**	**44,987**
General & administrative	(20,336)	(20,248)	(33,463)
Foreign exchange loss	(601)	-	(3,676)
Provision for market decline in value on marketable securities	-	-	
Total Expenses	**(20,937)**	**(20,248)**	**(37,139)**
Income before income tax	**10,789**	**12,219**	**7,848**
Income tax expense (benefit)	(19)	(1,233)	1,704
Net Income	**10,770**	**10,986**	**9,552**
Recovery (decline) in value of AFSFA	(171)	1,956	1,364
Total Comprehensive Income	**10,599**	**12,942**	**10,916**

<u>December 31, 2012 vs. December 31, 2011</u>

AGRC realized revenue of 33.2 million for the year 2012 This is 9% lower than last year's revenue of P36.56 million. Revenue for the year are contributed by oil liftings and treasury activities amounting to P4.1 million and P29 million respectively. Oil liftings are from sale of crude oil lifted from North Matinloc field where AGRC has 13.551% interest. Total production volume for the year is 10,517 barrels at average price of $99.44 per barrel. For 2011, total production volume is 16,107 barrels at average price of $97.38 per barrel.

For treasury activities, revenue came from interest income on various placements amounting to P16.36 million, gain on trading of equity and debt securities amounting to P9.52 million and dividend income of P3.13million. Income from treasury is lower by 6% due to lower interest rates. Bulk of the dividend income for 2012 refers to dividends received from Ayala Preferred Shares.

Costs and expenses amounted to PP22.36 million which is 8% lower compared to last year's figure due to lower oil exploration costs.

December 31, 2011 vs. December 31, 2010

For year 2011, AGRC realized revenue of P36.56 million. This is 24% lower than last year.
Revenue for the year are contributed by oil liftings and treasury activities amounting to P5.8 million and 30.74 million respectively. Oil liftings are from sale of crude oil lifted from North Matinloc field where AGRC has 13.551% interest. Total production volume for the year is 16,107 barrels at average price of $97.38 per barrel. For 2010, total production volume is 18,734 barrels at average price of $73.48 per barrel.

For treasury activities, revenue came from interest income on various placements amounting to P15.17 million, gain in trading of equity and debt securities amounting to P11.95 million and dividend income of P3.0 million. Income from treasury is lower by 19% due to lower interest rates and most of long term placements were sold to take advantage of higher market price.

For year 2011, costs and expenses amounted to P24.34 million. This is lower by 40% compared last year due to lower staff costs and license fees brought about by amendment of retirement plan last year and no one time cost on capital increase as compared last year.

Review of Financial Position

Financial Position

Financial Position	2012	2011	2010
Cash and Cash Equivalents	998,705	540,013	347,095
Available-for-sale financial assets	41,003	52,083	170,416
Receivables, net	18,617	17,105	15,833
Other current assets	2,223	1,367	1,446
Total curent assets	1,060,548	610,568	534,790
Property & Equipment	160,378	161,251	161,868
Deferred Costs	150,158	153,882	158,118
Deferred income tax assets	5,075	4,773	5,650
Other assets	2,659	3,924	4,047
	1,378,818	934,398	864,473
Current Liabilities	2,992	2,614	2,112
Stockholders' Equity	1,375,827	931,784	862,361
	1,378,819	934,398	864,473

December 31, 2012 vs. December 31, 2011

Total assets of the Company amounted to P1.38 billion with no debt except for negligible amount of accrued expenses. Total current assets for the year is P1.06 billion while non-current assets is P318 million. Cash and cash equivalents increased to P999 million from last year's P540 million or a an 85% increase due mainly to the receipt of the proceeds from the full payment of subscription receivables from Lucio Co Group. Available-for-sale financial assets decreased to P41 million from P52 million last year as most of long-term securities were sold to take advantage of high market rates. Proceeds were eventually placed in shorter term placements. Deferred cost decreased mainly due to impairment provision on mineral projects. Total asset increased by P444 million or 48% higher than last year's P934 million due basically to the increase the jump in cash balance. Stockholders' Equity increased by P444 million due to the net income contributed for the year and the issuance of stocks for fully paid subscriptions

December 31, 2011 vs. December 31, 2010

The company ended the year 2011 with total assets of P934 million and almost no debt. Total current assets for the year is P610 million while non-currrent assets is P324 million. Available-for-sale financial assets decreased to P52 million from P170 million last year as most of long-term securities were sold to take advantage of high market rates. Proceeds were eventually place in shorter term placements. Deferred cost decreased mainly due to impairment provision on mineral projects. Total assets increased by P70 million or 8% higher than last year's P864 million. Increase is due to net income contributed for the year and proceeds from payment of stock rights. Stockholders' Equity increased by P69 million due to issuance of stocks for fully paid stocks rights and net income for the year.

December 31, 2010 vs. December 31, 2009

The Company's total assets amounted to Php864 million as of the end of December 31, 2010. Total assets increased by 30 percent on account of higher cash levels arising from subscriptions to common stock.

Total cash and cash equivalents rose by more than 1,000 per cent mainly due to the receipt of proceeds from subscriptions to capital stock. On the other hand, available for sale financial assets declined by 14 per cent on account of the sale of peso and dollar bonds.

Deferred assets grew to Php158 million, compared to Php154 million in the previous year. The increase was due to additional capitalized costs incurred for various projects during the year.

Total current liabilities increased more than 33 per cent due to accrual of expenses. The company has no long term obligations.

Others

(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 or through committed credit lines.

(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) Any 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 – none

(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 2011 to 2012 are explained in the management's discussion and analysis of operations, as well as in the accompanying notes to financial statements.

(ix) The gain from sale of available-for-sale financial assets is considered seasonal aspects that had a material effect on the financial condition or results of the company's operations.

ANNEX E Brief description of the general nature and scope of the business of the Company and its subsidiaries

COSCO CAPITAL, INC. is a conglomerate of retail business, commercial real estate, and liquor distribution business. The Company owns 51% of Puregold Price Club, Inc. and 100% of the rest of the companies identified below:

1. **PUREGOLD PRICE CLUB, INC.** – It is a leading supermarket operator in the Philippines. It has at present 191 stores all over the islands.

2. **ELLIMAC PRIME HOLDINGS, INC.** - It is principally involved in real estate leasing. The Company started commercial operations in November 2002. Ellimac merged with the following companies: PILGOR Development Services Corporation (PILGOR), 514 Shaw Property Holdings, Inc. (514 Shaw), Cosco Prime Holdings, Inc. (CPHI) and Pajusco Realty Corporation (PRC). The merger was approved by the Philippine Securities and Exchange Commission (SEC) on December 7, 2012.

   Ellimac owns several commercial properties which it leases to various retailers, food chains and banks including Mercury Drugstore, Southstar Drugstore, Jollibee, Chowking, Mang Inasal, Luk Foo Cantonese Cuisine, Metrobank and others. The Flagship Carrier of each property is a Puregold Supermarket which occupies significant size on each property. It owns and leases about 21 properties in the form of land and building or land only with lot area ranging from 4,000 to 27,000 sq.m. and building floor area ranging from 3,500 to 12,000 sq.m., notable among them would be the Puregold Q.I. Central, Puregold Monumento and Puregold Valenzuela. It also leases out a building only property measuring about 12,800 sq.m. in Dau, Mabalacat, Pampanga.

   The Company also owns 4 vacant properties located at Fairview, Caloocan, Malabon and Urdaneta City with area ranging from 4,000 to 24,000 sq.m. and intended to be leased out to S&R and Puregold Price Club, Inc. One of these four properties was leased to and being developed by Ayala Land, Inc. as a site for Ayala Mall Fairview.

3. **FERTUNA HOLDINGS, CORP.** - The Company has entered into a sublease agreement with Ayala Land, Inc. as the lessee for parcels of land in Subic Bay Freeport Zone. The leased areas will be developed for commercial business dedicated to retail, mall, and transport terminal. The Company has completed the construction of its commercial building in September 2012 with Puregold Supermarket as the Anchor Store and the one of the main Lessees.

   The Company is governed by the Subic Bay Metropolitan Authority (SBMA) rules and regulations under Republic Act No. 7227 (the Act), as registered Subic Bay Freeport Enterprise (SBFE). As a registered SBFE, the Company is entitled to tax and duty free importation of certain items and exempted from national and local taxes. The Company, however, is liable to pay a final tax of 5% based on gross income as defined under the Act.

4. **PATAGONIA HOLDINGS, CORP.** - The Company owns 7 parcels of land with total area of 13,124 sq.m. which is being leased significantly by S & R- The Fort located at Fort Bonifacio Global City, City of Taguig.

5. **PURE PETROLEUM CORP.** - The Company has entered into leased agreement for 200,000 sqm parcels of land in Subic Bay. The leased areas were developed for

construction of 9 fuel tanks and a jetty to be held for rentals. The Company has started its operations in November 2012.

The Company is governed by the Subic Bay Metropolitan Authority (SBMA) rules and regulations under Republic Act No. 7227 (the Act), as a registered Subic Bay Freeport Enterprise (SBFE). As a registered SBFE, the Company is entitled to tax and duty free importation of certain items and exempted from national and local taxes. The Company, however, is liable to pay a final tax of 5% based on gross income as defined under the Act.

6. **MERITUS PRIME DISTRIBUTIONS, INC.** - It is the exclusive distributor in the Philippines of a well-known brand – Fundador.

7. **MONTOSCO, INC.** - It is the exclusive distributor in the Philippines of various wines and spirits including Alfonso Brandy and Vino Fontana Wine, both from Spain and Patron Tequila and Jack Daniels, both from the United States of America.

8. **PREMIER WINE AND SPIRITS, INC.** - It is the exclusive distributor in the Philippines of various brands of spirits, wines and beverages from continents like the Americas, Europe, Asia, Australia, Aftrica. The brands include Jose Cuervo Tequila, Chivas Regal Scotch, Martell Cognac, Absolut Vodka; wines like Wolfblass, Ruffino, Marquez de Riscal, Vino Santa Carolina, Mompo Mass Wine; beverages like Perrier Mineral Water, Budweiser Beer, Red Bull Energy Drink and many other brands.

9. **SVF CORPORATION** - In 2010, the Company has just completed the construction of 999 Shopping Mall-Building 1, a 4-storey structure with floor area of about 31,391 sq.m. located at Soler St., Binondo, Manila on its land area of 6,172.90 sqm.

10. **NATION REALTY, INC.** - It has a land area of 15,501.10 sq.m. wherein the newly 7-storey commercial building with a floor area of about 84,292 sq.m. known as 999 Shopping Mall Building-2 is constructed. The building is located in the heart of Divisoria with address at 970 Claro M. Recto, Binondo, Manila .

11. **GO FAY & CO., INCORPORADA** - The principal activities of the Company were to engage in the sale, export and import of cigarettes and later on, the business of the Company became real estate lessor. Now, a portion of the 84,292 sq.m. building known as 999 Shopping Mall Building-2 is erected on its land area of 3,479.90 sqm. located at Roman St., Binondo, Manila.

12. **118 HOLDINGS, INC.** - The Company owns a land measuring about 32,247 sq.m. at Subangdaku, Mandaue, Cebu. The 23,253 sqm is being leased out to Kareila Management Corporation since January 2011. Also, in September 2011, it acquired a piece of land comprising of 12,464 sq.m. in Anabu, Imus, Cavite. Now, a one-storey leasable structure has been constructed and now operational with over 40 tenants including Puregold Price Club, Inc.

ANNEX F – List of incumbent directors and officers of Coscó Capital, Inc.

Except for Mr. Teofilo Henson and Mr. Jaime Dela Rosa, all other incumbent directors are nominees for the 2013 Board of Directors. Additional nominees are Mrs. Susan P. Co and Mr. Levi Labra.

Lucio L. Co, 59, Filipino, Chairman of the Board

Mr. Co has been a director of the Company since October 1997. He also serves as chairman of the following companies: Puregold Price Club, Inc. and Da Vinci Capital Holdings, Inc. (PSE listed company); Kareila Management Corporation, Puregold Finance, Inc., Puregold Duty Free Subic, Inc., Puregold Realty Leasing and Management, Inc. and President of Bellagio Holdings, Inc., Ellimac Prime Holdings, Inc., Forbes Corporation, LCCK & Sons Realty Corporation, Puregold Duty Free, Inc., and Puregold Properties, Inc. He is also a member of the Board of Trustees of Adamson University. Mr. Co has been an entrepreneur for the past 40 years.

Eduardo F. Hernandez, 83, Filipino, Vice-Chairman

Atty. Eduardo F. Hernandez is one of the incorporators of the Company. He serves as Chairman of the Board from 1987 to 2012 and Company President from 1987 to June 2010. He was the Executive Vice President and General Manager of Alcorn Production Philippines, Inc. He currently serves as a director for PNOC-EC and is a Senior Counsel of Romulo, Mabanta, Buenaventura & Sayoc Law Office. Atty. Hernandez obtained his Law Degree in University of the Philippines in 1953. He is the author of various law books such as: (a) Landowners' Rights published in 2002, (b) Philippine Admiralty and Marine Law, published in 1977, (c) Immigration Law and Practice in the Philippines, published in 1969, (d) co-author with Justice Fernando Hernandez, Criminal Procedure, 3rd Edition, published in 1969.

Leonardo B. Dayao, 69, Filipino, President

Mr. Dayao has been a director and vice-chairman of the Company since October 1997 and elected as President on June 2010. He is concurrently the Chairman of PSMT Philippines, Inc.; President of Puregold Price Club, Inc. (PSE listed company) and Puregold Finance, Inc. He is also Vice-President of Ellimac Prime Holdings, Inc., Bellagio Holdings, Inc., Puregold Properties, Inc., and VFC Land Resources, Inc. He is also a Director of Fontana Development Corporation and Fontana Resort and Country Club. Before joining the Company, Mr. Dayao was connected with Ayala Investment and Development Corporation as Vice-President from 1980 to 1984 and Bank of the Philippine Islands as Vice President from 1984 to 1994. Mr. Dayao received a Bachelor of Science degree in Commerce from the Far Eastern University. He is a Certified Public Accountant. He has completed Basic Management Program at Asian Institute of Management and earned units in MBA from University of the Philippines-Cebu.

Teofilo A. Henson, 66, Director

Mr. Henson has been a director of the Company since August 31, 2012. He also served as President of the following companies: GEM Communications Holding Corporation, Southern Broadcasting Network, Inc. Kamahalan Publishing Corporation and Kagitingan Printing Press, Inc., National Transport Group of Companies (formerly Luzon Stevedoring Group of Companies), Business Today Information Systems and Services, Inc. and Sycip, Gorres, Velayo and Company. He has a Master of Business Management at Asian Institute of Management in 1972 and a Bachelor of Arts, General Engineering at the Ateneo de Manila University in 1968.

Robert Y. Cokeng, 62, Filipino, Director

Mr. Cokeng has been a member of the Board since September 1987. He also serves as a director and/or officer in the following companies: Chairman, President and CEO – F&J Prince Holdings Corporation (PSE-Listed Company); President and CEO–Magellan Capital Holdings, Corporation; President and CEO–Magellan Utilities Development Corporation; Chairman, President and CEO–Consolidated Tobacco Ind. of the Phils.; Chairman and President–Center Industrial and Investment, Inc.; Vice-Chairman–Pointwest Technologies Corporation and Pointwest Innovations Corporation; Chairman-Exec. Committee–Business Process Outsourcing International; Chairman–IPADS Developers, Inc. He was also the Senior Investment Officer and Philippine Country Officer of International Finance Corporation (World Bank Group) from 1976 to 1986. He worked on investments in East Asia from Washington D.C. Headquarters and from Regional Mission for East Asia located in Manila. He graduated Magna Cum Laude in Ateneo de Manila University with degree of Bachelor of Arts Economics Honors Program. He also earned his Master in Business Administration in Harvard University with High Distinction and elected a Baker Scholar.

Oscar S. Reyes, 66, Filipino, Independent Director

Mr. Reyes has been an independent director of the Company since July 2009. He also serves as a director and/or officer in the following companies: Meralco as Chief Operating Officer and Director, Advisory Board member of Philippine Long Distance Telephone Company and Chairman of Pepsi Cola Products Philippines, Inc., MRL Gold Philippines, Inc. and Link Edge Inc. He is also a member of the Board of Directors of Bank of the Philippine Islands, Ayala Land Inc., Manila Water Company, Smart Communications, Inc., Basic Energy Corporation, Sun Life Financial Philippines, Inc. and Sun Life Prosperity Funds. Mr. Reyes spent 21 years with the Shell Group, most notably as Country Chairman of the Shell Companies in the Philippines, Chairman and President of Pilipinas Shell Petroleum Corporation and Managing Director of Shell Philippines Exploration B.V.

Jaime S. Dela Rosa, 68, Filipino, Independent Director

Mr. Dela Rosa has been a director of the Company since June 2010. He also served as a director and/or officer in the following companies: PNCC-Skyway Corp.

of the Philippines, DBP, Asset Privatization Trust, Food Termina Inc., Citibank. Mr. Dela Rosa spent fifteen (15) years with Philsec Investment Corp. and two (2) years in Ayala Investment & Development Corp. He has a Bachelor of Science in Commerce Accounting degree from Far Eastern University. He also attended a post-graduate program on Global Financial System in Harvard University (John F. Kennedy School of Government) in 2002.

Susan P. Co, 55, Filipino, nominee as regular Director

Mrs. Co is currently Director, Vice-Chairman and Treasurer of Puregold Price Club, Inc. She is also currently the Chairman of Cosco Price, Inc. and Treasurer of Bellagio Holdings, Inc., Puregold Finance, Inc., and Puregold Leasing and Management, Inc. She is also a Director of Kareila Management Corporation, Ellimac Prime Holdings, Inc., Forbes Company, KMC Realty Company, Puregold Duty Free, Inc., Puregold Duty Free (Subic), Inc., and Puregold Properties, Inc. Ms. Co received a Bachelor of Science in Commerce from the University of Santo Tomas.

Atty. Jose S. Santos, Jr., 73, Filipino, Corporate Secretary

Atty. Santos has been the corporate secretary of the Company since July 1999. He also serves as legal counsel to the Puregold Group of Companies, Campos Rueda Corporation, Willis International Sales Corporation, among others. He has been a practicing lawyer since 1962.

Atty. Candy H. Dacanay-Datuon, 34, Filipino, Assistant Corporate Secretary

Atty. Dacanay-Datuon has been appointed as Assistant Corporate Secretary of the Company on December 11, 2012. Ms. Dacanay is a lawyer and a member of the Philippine Bar since 2004. She has been employed as counsel for Puregold Group of Companies since 2004. She received a Bachelor of Arts, Cum Laude, in Political Science from the Colegio de San Juan de Letran and a Bachelor of Laws Degree from the University of Santo Tomas.

ANNEX G Market for Issuer's Common Equity and Related Stockholder Matters

a) Stock Prices / Market Information

The principal market of the company's common equity is the Philippine Stock Exchange. The following table reports the high and low prices for each quarter within the last three fiscal years:

	High				Low			
Quarter	2013	2012	2011	2010	2013	2012	2011	2010
1st	0.168	.0180	.0190	.0065	0.156	.0160	.0140	.0070
* 2nd	10.66	.0170	.0170	.0090	9.65	.0140	.0150	.0075
3rd		.0180	.0190	.0090		.0170	.0150	.0100
4th		0.0145	.0160	.0090		0.0135	.0140	.0110

* As of July 15, 2013

b) Holders

The approximate numbers of holders of common shares of the company as of December 31, 2012 are as follows:

Title of Class	Citizenship	Holding %	Approximate Number of Holders
Common	Filipino	97.70%	1,094
Common	Alien	2.29%	28
Total		100%	1,122

c) Top 20 Stockholders as of December 31, 2012 (Based on Total Outstanding Shares-listed & not listed). The top twenty (20) shareholders of common class, the number of shares held and the percentage of total shares held by each are as follows:

Stockholders Name	Total Shareholdings	% (Outstanding shares-127,500,000,000)
1. VFC LAND RESOURCES, INC.	17,505,250,000	13.73%
2. KMC REALTY CORPORATION	12,500,000,000	9.80%
3. PAJUSCO REALTY CORPORATION	12,500,000,000	9.80%
4. ELLIMAC PRIME HOLDINGS, INC.	10,000,000,000	7.84%
5. CO, LUCIO L.	9,406,480,000	7.38%
6. STRATEGIC EQUITIES CORP.	6,820,029,168	5.35%
7. ANSALDO, GODINEZ & CO., INC.	5,560,647,749	4.36%
8. SB EQUITIES, INC.	4,456,301,296	3.50%
9. KING'S POWER SECURITIES, INC.	3,637,892,787	2.85%
10. CO, SUSAN P.	3,584,500,000	2.81%
11. NEW WORLD SECURITIES CO., INC.	2,728,045,314	2.14%
12. ELLIMAC MANAGEMENT	2,700,000,000	2.12%
13. HDI SECURITIES, INC.	2,690,940,588	2.11%
14. STANDARD CHARTERED BANK	2,114,520,000	1.66%
15. CO, KATRINA MARIE P.	2,000,000,000	1.57%

16. CO, FERDINAND VINCENT P.	2,000,000,000	1.57%
17. CO, PAMELA JUSTINE P.	2,000,000,000	1.57%
18. CO, CAMILLE CLARISSE P.	2,000,000,000	1.57%
19. COL Financial Group, Inc.	1,403,250,339	1.10%
20. EVERGREEN STOCK BROKERAGE & SEC., INC.	1,185,675,715	0.93%

d) Dividends

No cash dividends were declared on the Company's common equity in the past three fiscal years.

A limited retained earnings of the company restricts the Board of Directors to declare dividends. Although AGRC has PhP98 million Retained Earnings as of December 31, 2012 (PhP87.4 million as of 2011), the amount is reserved for any unsuccessful projects that the company might write off in the future.

There is no restriction that limit the payment of dividend on common shares.

e) Recent Sale of Unregistered Securities. The company did not sell any unregistered securities.

f) The Company has no debt securities and/or warrants issued or to be registered.

ANNEX H Compliance with leading practices on corporate governance

1. Evaluation System to Measure Compliance with Manual of Corporate Governance - The Corporate Compliance Officer measures the Corporation's compliance with the provisions of its Manual on Good Corporate Governance using the Corporate Governance Self-Rating Form.

2. Measures Undertaken to Fully Comply with Leading Practices and Good Corporate Governance - The Company has exerted its best efforts to comply with the provisions of its Corporate Governance Manual.

The following steps have been undertaken to ensure leading practices on good governance are observed:

a. The attendance of each of the Directors in the scheduled meetings of the Board of Directors are monitored and recorded.
b. The Board has created Committees required by the Manual, namely, Audit Committee, Nomination Committee and Compensation Committee.
c. Guidelines for these three committees are being developed and to be reviewed by the Board for approval and implementation.
d. Directors attend Good Governance Seminars.
e. Sworn Certification on the Compliance with the Manual on Corporate Governance for the year 2012 was submitted to SEC on March 15, 2012 & to PSE on March 15, 2012.

3. Plans to improve Corporate Governance – In order to improve the Company's adherence to leading practices in good corporate governance, the Company revised its Manual on Corporate Governance in accordance with SEC Memorandum Circular No. 6 Series of 2009.

ANNEX I SUMMARY OF RESOLUTIONS APPROVED BY THE BOARD OF DIRECTORS OF COSCO CAPITAL, INC.

Date	Resolutions
March 2, 2012 (Regular)	A call be made by the Corporation through its President, requiring subscribers of the 285,943,099 shares of the original authorized capital of the corporation who have not yet paid in full their subscriptions to pay in cash the unpaid balance of their subscription without interest on or before May 29, 2012. AGRC is the owner of a Class C share of the Fontana Resort and Country Club, Inc. The following officers are the duly appointed nominees of the corporation authorized to use the rights and privileges accorded to the foregoing share: Ponciano K. Mathay Leonides C. Ramos Maryknoll B. Zamora Ponciano K. Mathay is no longer connected with the Company and in lieu of him, another person be designated as one of the nominees of the corporation. Ms. Mary S. Demetillo is designated as one of the nominees authorized to use the rights and privileges of the corporation appurtenant to the aforesaid membership share separately or in conjunction with Leonides C. Ramos and/or Maryknoll B. Zamora.
May 18, 2012 (Special)	Approval of investment of P50M to SM Investment Corporation. Designating Mary S. Demetillo as the signatory for Sun Cellular and Globe Telecom account maintenance under Alcorn Gold Resources Corporation. Authorizing Mr. Leonardo B. Dayao to sign the deed of absolute sale under the car plan in favor of Mr. Leonides C. Ramos and Maryknoll B. Zamora
July 13, 2012 (Special)	Approval of notice of agenda for August 31, 2012 Annual Stockholders' Meeting. The corporation is authorized to enter into transactions and contracts with, and/or avail of products, facilities, services of or through representation of PLDT and its wholly/partly owned subsidiaries and/or affiliates including but not limited to Smart Communications, Inc.
August 31, 2012 (Organizational Meeting)	Election of officers as follows: Executive Officers: Leonardo B. Dayao - President Maryknoll B. Zamora - Asst. to the President/ Head, Treasury & Investment Leonides C. Ramos - VP – Mineral & Petroleum Division Mary S. Demetillo - Chief Financial Officer Atty. Jose S. Santos, Jr. Corporate Secretary/

	Compliance Officer Audit Committee: Jaime S. Dela Rosa - Chairman Leonardo B. Dayao - Member Teofilo A. Henson - Member Compensation Committee: Eduardo F. Hernandez Chairman Leonardo B. Dayao - Member Jaime S. Dela Rosa - Member Nomination Committee: Lucio L. Co - Chairman Leonardo B. Dayao - Member Jaime S. Dela Rosa - Member Corporate Information Officers Leonardo B. Dayao Maryknoll B. Zamora Atty. Jose S. Santos, Jr.
October 13, 2012 (Regular)	The corporation enter into an Option & Purchase Agreement with Vale Corporation over its Concepcion Project. That as one of the members of the consortium in Service Contract No. 51 in the East Visayan Sea, AGRC signify its approval of the key terms of the farm-in agreement proposed by Frontier Oil Corporation to the Consortium. Mr. Leonardo B. Dayao, and /or Atty. Eduardo F. Hernandez are authorized to sign the final copy of the key terms. Appointment of Evercore Partners as the corporation's financial adviser to study and explore capital market and corporate structure options for AGRC to consider and to submit its recommendations to the board for approval.
October 29, 2012 (Special)	The First Article of the Amended Articles of Incorporation be amended by changing the corporate name from Alcorn Gold Resources Corporation to Cosco Capital, Inc. Approve the increase in authorized capital stock and increase in par value from Three Billion Pesos (Php3,000,000,000.00) divided into Three Hundred Billion (300,000,000,000) common shares at a par value of one centavo (Php0.01) per share to Ten Billion Pesos (Php10,000,000,000.00), divided into Ten Billion (10,000,000,000) common shares at a par value of one peso (Php1.00) per share. The reorganization and spin-off the oil and mineral assets and operations of the corporation into a fully-owned subsidiary of the corporation. Mr. Leonardo B. Dayao, President, is authorized to represent the corporation and sign and file documents which may be required by the SEC, PSE and other government agencies to do all actions necessary to comply with the provisions of the Corporation Code, Securities Regulation Code, and all other rules and regulations.
December 10, 2012 (Special)	Approve, ratify and confirm the subscription of the Lucio L. Co Group to the unissued authorized capital stock at a subscription price of Fifteen Pesos (Php15.00) per share for a total of up to Four Billion Nine Hundred Eighty Seven Million Five Hundred Sixty Thousand and Three Hundred

	Seventy Nine (4,987,560,379) shares at an aggregate subscription price of up to Seventy Four Billion Eight Hundred Thirteen Million Four Hundred Five Thousand and Six Hundred Eighty Five Pesos (Php74,813,405,685.00) 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, Inc., Fertuna Holdings, Inc., Premier Wine and Spirits, Inc., Montosco, Inc., Meritus Prime Distributions, Inc., and Pure Petroleum Inc. and the corresponding payment by way of assignment of the shares owned by the Lucio Co Group in the "Subsidiaries" under the terms and conditions to be determined by the Corporation's Board of Directors. The corporation is authorized to register, if necessary, additional shares with the Securities and Exchange Commission and to list additional shares with the Philippine Stock Exchange. The Board appointed Atty. Candy H. Dacanay-Datuon as Assistant Corporate Secretary of AGRC and Mr. Jimmy Perez as Investor Relations Officer.
December 11, 2012 (Special)	Resignation of Atty. Hernandez as Chairman and elected Mr. Lucio L. Co as the new Chairman. It was unanimously agreed that Atty. Hernandez be retained as Vice-Chairman of the Board to assist and guide the new Chairman.
February 25, 2013 (Special)	Approval of the 2012 Audited Financial Statements. Approval of the 2012 Audit Committee Charter. A new corporation be incorporated for the primary purpose of carrying on the business of oil and mining exploration and operation and other activities incidental; that after such incorporation, all the oil and mineral assets, business and operations shall be transferred and assigned to the said new corporation; that the name of the corporation shall be ALCORN PETROLEUM AND MINERALS CORPORATION with authorized capital stock of One Billion Pesos (Php1,000,000,000.00) divided into One Hundred Billion Shares (100,000,000,000) shares with the par value of One Centavo (Php0.01) per share; that Cosco Capital, Inc. shall subscribe to Twenty Nine Billion Nine Hundred Ninety Nine Million Nine Hundred Ninety Nine Thousand and Three Hundred (29,999,999,300) shares valued at Two Hundred Ninety Nine Million Nine Hundred Ninety Nine Thousand Nine Hundred Ninety Three Pesos (Php299,999,993.00) while each of Lucio L. Co, Leonardo B. Dayao, Eduardo F. Hernandez, Robert Y. Cokeng, Oscar S. Reyes, Teofilo A. Henson and Jaime Dela Rosa, in their capacity as trustees of Cosco Capital Inc., shall subscribe to One Hundred Shares (100 shares) valued at Php1.00; that the said subscriptions shall be fully paid by Cosco Capital Inc. and, that until further reorganization, the board of directors of the new corporation shall be composed of Lucio Co as Chairman, Eduardo F. Hernandez as Vice-Chairman, and the members shall be Leonardo B. Dayao, Jaime Dela Rosa, Teofilo Henson, Oscar Reyes (Independent Director) and Robert Cokeng (Independent Director).
July 25, 2013 (Special)	1. Agenda for the 2013 stockholders' meeting that will be held on August 30, 2013 at the Acacia Hotel, Alabang, Muntinlupa City. 2. Appointment of 2013 external auditor, Manabat & Sanagustin, KPMG. 3.The nominees for the 2013 board of directors