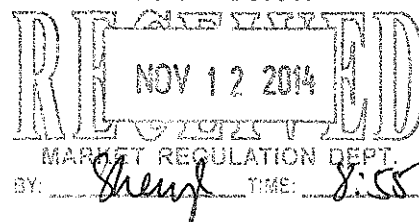


VULCAN INDUSTRIAL & MINING CORPORATION

7th Floor Quad Alpha Centrum Bldg.,
125 Pioneer St., Mandaluyong City
Tel. No. 631-8078; Fax No. 631-3880

RECEIVING COPY

SECURITIES AND EXCHANGE
COMMISSION



11 November 2014

MARKET AND SECURITIES REGULATION DEPARTMENT
Securities and Exchange Commission
SEC Building, EDSA, Greenhills
Mandaluyong City, Metro Manila

Attention: VICENTE GRACIANO P. FELIZMENIO, JR.
Director

Re: Comments on the Preliminary Information Statement (SEC Form 20-IS)
and Management Report filed on 05 November 2014

Gentlemen:


In compliance with your directive dated 07 November 2014 to amend the Company's Preliminary Information Statement (SEC Form 20-IS) and Management Report in accordance with the enclosed checklist, we reply as follows:

ITEM	SEC Remarks	VIMC Response
ITEM 2. DISSENTER'S RIGHT OF APPRAISAL Brief outline of appraisal or similar right of dissenter.	Please include in the agenda the transfer of mining and oil related assets of the company.	The transfer of mining and oil related assets of the company has been deleted from Item 2 as this was already taken up during the annual stockholders' meeting held on May 29, 2013 for which the requisite stockholders' approval was obtained.
ITEM 5. DIRECTORS & EXECUTIVE OFFICERS (a) Names, ages, and citizenship of all directors, including independent directors and Executive Officers.	1) Submit a certification that none of the named directors and officers works with the government, 2) There is a double entry on the name of Mr. Christopher Gotanco, please make the necessary correction.	1) The required certification for Msrs. Alfredo C. Ramos and Francisco A. Navarro are attached to the Definitive IS. 2) The double entry has been corrected.
ITEM 6. COMPENSATION OF DIRECTORS & EXECUTIVE OFFICERS <i>If action to be taken with regard to election, any bonus, profit sharing, pension/retirement plan granting of extension of any option warrant or right to purchase any securities, furnish the following:</i> (1) Summary Compensation Table	The required information is for the CEO and four (4) most highly compensated executive officers. Please make the necessary adjustment. Incomplete re: 2014 estimate	The required information for the CEO and four (4) most highly compensated executive officers for 2013 is provided on page 11. However, since the Company has no operations, it is not compensating any of its executive officers for 2014 apart from the per diem allotted for attendance at meetings. Nevertheless, an estimate is now provided in the Definitive IS.
ITEM 12. MERGER, CONSOLIDATIONS, ACQUISITIONS & SIMILAR	Please comply with all the requirements under this item.	As this item was included in the agenda for the annual stockholders' meeting last year, the required

<p>MATTERS <i>If action to be taken with respect to any transaction involving:</i> (4) Sale/other transfer of all or any substantial part of the assets of the registrant</p>		<p>information was previously provided on pages 13-15 of the Definitive IS for 2013. Hence, this will no longer be included in this year's stockholders' meeting, especially since no actual disposition of mining and oil-related assets was made for the period covered. A statement to this effect is now provided on page 14 of the Definitive IS.</p>
<p>ITEM 17. AMENDMENTS OF CHARTER, BY-LAWS & OTHER DOCUMENTS Brief reason(s) for and the general effect of such amendment.</p>	<p>Per our record, the company did not conduct an annual stockholders meeting last May 29, 2014. Please clarify.</p>	<p>There was a typographical error. The stockholders' meeting was held last May 29, <u>2013</u>. This was corrected in the Definitive IS.</p>
<p>MANAGEMENT REPORT <i>Audited Financial Statements and Interim Financial Statements, in accordance with Rules 68 & 68.1 as amended.</i></p>	<p>Submit interim financial statements for the period ended September 30, 2014.</p>	<p>The interim financial statements for the period ended September 30, 2014 (SEC Form 17Q) is now attached to the Definitive IS.</p>
<p>No revenues from operation in each of the last two (2) fiscal years, or the last fiscal year and any interim period in the current fiscal year, shall in addition to applicable items under subparagraph (2) provide the following information..</p>	<p>Not complied with.</p>	<p>Information is now provided in the Definitive IS.</p>
<p>(1) Discussion of the Registrant's Financial Condition, Changes in Financial Condition and Results of Operations for each of the last 3 fiscal years.</p>	<p>1) Verify the figures presented in the MD&A against the financial statement submitted 2) Incomplete re: for the quarter ended September 30, 2014</p>	<p>Information is now provided in the Definitive IS.</p>
<p>(b) Interim Periods: Comparable discussion to assess material changes (last fiscal year and comparable interim period in the preceding year). Disclose the required information under subparagraph (2)(a)(i) to (viii) above.</p>	<p>Not complied with re: for the quarter ended September 30, 2014.</p>	<p>Information is now provided in the Definitive IS.</p>

We hope you find everything in order. Thank you.

Very truly yours,


IRIS MARIE U. CARPIO-DUQUE
Asst. Corporate Secretary / Deputy
Corporate Information Officer /
Compliance Officer

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-15

INFORMATION STATEMENT PURSUANT TO SEC 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

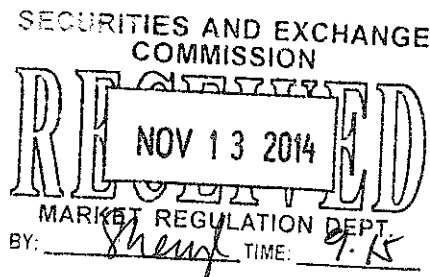
<input type="checkbox"/>
<input checked="" type="checkbox"/>

Preliminary Information Statement

Definitive Information Statement

2. Name of Registrant as specified in its charter:
VULCAN INDUSTRIAL & MINING CORPORATION
3. Province, country or other jurisdiction or organization:
Philippines
4. SEC Identification Number - 7443
5. BIR Tax Identification Number - 041-000-062-736
6. Address of Principal Office Postal Code
Quad Alpha Centrum Building 1550
125 Pioneer Street, Mandaluyong City
7. Registrant's telephone number, including area code:
(632) 6313880; 6318078
8. Date, time and place of the meeting of security holders:
05 December 2014, 10:30 AM, The Legend Villas, Pioneer Street, Mandaluyong City
9. Approximate date on which the Information Statement is first to be sent or given to security holders:
14 November 2014
10. Name of Person Filing the Statement/Solicitor:

Vulcan Industrial and Mining Corporation
Address: Quad Alpha Centrum Building
125 Pioneer Street, Mandaluyong City, 1550
Tel. Nos. : (632) 6313880; 6318078; 6315139
11. Securities registered pursuant to Section 8 and 12 of the Code on Sections 4 and 8 of the RSA
(information on number of shares and amount of debt is applicable only to corporate registrants):



Title of Class	Number of Shares of Common Stock Outstanding
Common	1,450,000,000

12. Are any or all of registrant's securities listed in a Stock Exchange:
Yes, Philippine Stock Exchange, Common
No, _____

If yes, disclose the name of such Stock Exchange and the class of Securities listed therein:

VULCAN INDUSTRIAL & MINING CORPORATION
Quad Alpha Centrum Building
125 Pioneer Street, Mandaluyong City, 1550 Philippines
Tel. Nos. (632) 631-3880; 6318078

INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of Stockholders

- a) The 2014 Annual Meeting of Stockholders (the "Meeting") of Vulcan Industrial & Mining Corporation (the "Company") will be held on December 05, 2014 at 10:30 A.M. at The Legend Villas, Pioneer Street, Mandaluyong City, Philippines. The complete mailing address of the Company is Quad Alpha Centrum Building, 125 Pioneer Street, Mandaluyong City 1550, Philippines.
- b) This Information Statement and the accompanying Proxy Form will be first sent to stockholders at least fifteen (15) working days prior to the date of the meeting in accordance with existing rules and the company's By-Laws, or on or before November 14, 2014.

Item 2. Dissenter's Right of Appraisal

A stockholder has the right to dissent and demand payment of the fair market value of his shares in case: (i) any amendment to the Company's Article of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preference over the outstanding shares, or of extending or shortening the term of corporate existence; (ii) of any sale, lease, mortgage or disposition of all or substantially all of the corporate property or assets; and (iii) of merger or consolidation.

At any time after this Information Statement has been sent out, any stockholder who voted against the proposed action above and wishes to exercise his right of appraisal must make a written demand, within thirty (30) days after the date of the Meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his stock certificates. No payment shall be made to any stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

Item 3. Interest or Opposition of Certain Persons in Matters to be Acted Upon

- a) At any time since the beginning of the last fiscal year, NO director, officer, nominee for election as director, or associate of such director, officer or nominee has any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the Meeting, other than election to office, except that Mr. Alfredo C. Ramos

and Mrs. Presentacion S. Ramos are directors and stockholders of National Book Store, Inc. and Mr. Adrian S. Ramos is their son.

- b) As of the date this Information Statement is given to stockholders of record, NO director of the company has informed the Company 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 Principal Holders Thereof

The Company's capital stock is composed of Common Shares only, which are voting shares.

- a) Record date. The Record Date with respect to this solicitation is November 05, 2014. Only stockholders of record as at the close of business on November 05, 2014 are entitled to notice of, and vote at, the Meeting.
- b) Outstanding Shares. As of Record Date, the Company's outstanding capital stock is 1,450,000,000 common shares with each share entitled to one (1) vote, following the recent approval by the SEC of its increase in authorized capital stock. 34,960,671 common shares or 2.41% of the outstanding shares are foreign-owned.
- c) Cumulative Voting. A stockholder 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.
- d) Stock Ownership of Certain Record and Beneficial Owners. The following persons are known to the Company to be directly or indirectly the owner of more than 5% of the Company's voting securities as of September 30, 2014:

Class	Name and Address of record owner	Relationship to Issuer	Name of Beneficial Owner	Citizenship	No. of Shares	% of Ownership
Common	PCD Nominee Corporation - Filipino Makati Stock Exchange Bldg., Ayala Ave., Makati City	Stockholder	Various Clients	Filipino	506,529,881	84.4216 %

Common	PCD Nominee Corporation Makati Stock Exchange Bldg., Ayala Ave., Makati City	Stockholder	Various Clients	Others	34,345,797	5.7243 %
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Among the participants under PCD, an account who owns more than 5% of the voting stock is as follows:

Title of Class	Name & Address Of Record Owner & Relationship to Issuer	Name of Beneficial Owner and Relationship to Record Owner	Citizenship	Number of Shares	% Held
Common	PCD Nominees Corp. Makati Stock Exchange Bldg., Ayala Avenue Makati City/Stockholder	Alakor Securities Corp. Client/participant <i>*Of such shares lodged under said PCD Corporation, National Book Store, Inc. owns 137,248,170 shares.</i>	Filipino	156,792,703	26.132%

- e) Voting Trust Holders of 5% or More. To the extent known to the Company, there is NO PERSON holding more than 5% of the Company's voting stock under a voting trust or similar agreement.
- f) Stock Ownership of Management. The Company's directors (D), Chief Executive Officer (CEO), other officers (O) and nominees (N) own the following number of shares as of October 31, 2014:

Class	Name of Beneficial Owner	Amount/Nature of Beneficial Ownership		Citizenship	Percentage of Ownership
		Direct	Indirect		
Common	Alfredo C. Ramos (CEO/D/N)	5,450	8,667,630	Filipino	0.598 %
Common	Presentacion S. Ramos (D/N)	34,029	859,956	Filipino	0.062%
Common	Adrian Paulino S. Ramos (D/N)	500	20,000	Filipino	0.001 %
Common	Christopher M. Gotanco (D/O/N)	0	834,000	Filipino	0.058 %
Common	Francisco A. Navarro (D/N)	201,000	0	Filipino	0.014%
Common	Roberto V. San Jose (D/O/N)	1	0	Filipino	0.000 %
Common	Ana Ma. Margarita A. Katigbak (D/O/N)	1	0	Filipino	0.000 %
Common	Iris Marie U. Carpio-Duque (D/O/N)	1	4,000	Filipino	0.000 %

Common	Adrian S. Arias (D/N)	1	64,000	Filipino	0.004 %
Common	Renato C. Valencia (D/N)	0	100	Filipino	0.000 %
Common	Carmelito R. Zapanta (D/N)	0	20,000	Filipino	0.001 %

As of October 31, 2014, the aggregate number of shares owned by Company's directors Chief Executive Officer, other officers and nominees is 10,710,669 shares or approximately 0.74% of the Company's outstanding capital stock. Except for the shares appearing on record in the names of the directors and officers above, the Company is NOT aware of any shares which said person may have the right to acquire beneficial ownership of.

Item 5. Directors and Executive Officers

The names, ages, citizenship, positions and periods of service of directors, executive officers and persons nominated to become as such are as follows:

NAME	AGE	CITIZENSHIP	POSITION	PERIOD OF SERVICE	COMMITTEE MEMBERSHIP/POSITON
Alfredo C. Ramos	70	Filipino	Chairman President	1992-present 1988-present	-
Christopher M. Gotanco	65	Filipino	Director Vice-Chairman, COO & CIO	2012-present 2012-present	Nomination-Chairman Compensation-Member
Presentacion S. Ramos	72	Filipino	Director	1993-present	Compensation-Member
Adrian Paulino S. Ramos	36	Filipino	Director Treasurer	2006-present 2006-present	Audit-Member Nomination-Member
Francisco A. Navarro	71	Filipino	Director	2014-present	Audit-Member
Adrian S. Arias	51	Filipino	Director	2012-present	-
Roberto V. San Jose	72	Filipino	Director Corporate Secretary	2012-present 2012-present	-
Ana Ma. Margarita A. Katigbak	45	Filipino	Director Asst. Corp. Secretary	2012-present 2012-present	-
Iris Marie U. Carpio-Duque	36	Filipino	Director Asst. Corp. Secretary, Compliance Officer & Deputy CIO	2012-present 2012-present	-
Renato C. Valencia	71	Filipino	Independent Director	2009-present	Compensation-Chairman Nomination-Member
Carmelito R. Zapanta	68	Filipino	Independent Director	2008-present	Audit-Chairman

Directors elected in the Annual Stockholders' Meeting have a term of office of one (1) year and serve as such until their successors are elected in the next succeeding Annual

Stockholders' Meeting, provided, that a director elected to fill a vacancy in the Board shall only serve the unexpired term of his predecessor.

All directors of the Company were elected in the 2013 Annual Stockholders' Meeting held on May 29, 2013.

Business Experience of Executive Officers and Director-Nominees

Alfredo C. Ramos, 70, Filipino, has been the Chairman of the Board of the Company since 1992, and President since 1988. For the past five (5) years, he has served as a director and/or executive officer of, and maintained business interests in companies involved in the printing, publication, sale and distribution of books, magazines and other printed media, transportation, financial services, oil and gas exploration, mining, property development, shopping center, department store, gaming and retail, among others.

Christopher M. Gotanco, 65, Filipino, was appointed Vice-Chairman, Chief Operating Officer and Chief Corporate Information Officer of the Company on October 22, 2012. He has been a director of the Company since 1989. For the past five (5) years, he has served as a director and/or executive officer of companies involved in natural resources, transportation, mining, oil and gas exploration, retail, and financial services, among others.

Presentacion S. Ramos, 72, Filipino, has been a director of the Company since 1993. For the past five (5) years, she has served as a director and/or executive officer of, and maintained business interests in companies involved in the printing, publication, sale and distribution of books, magazines and other printed media, department store, stock brokerage, oil and gas exploration, and mining, among others.

Adrian S. Ramos, 36, Filipino, has been a director of the Company since 2006 and he was appointed Treasurer on October 22, 2012. For the past five (5) years, he has served as a director and/or executive officer of companies engaged in printing, publication, sale and distribution of books, magazines and other printed media, investment holdings, mining, financial services, securities and water infrastructure.

Francisco A. Navarro, 71, Filipino, has been a director of the Company since 1989. For the past five (5) years, he has headed the exploration and development groups of various companies involved in oil and gas exploration and investment holdings.

Adrian S. Arias, 51, Filipino, was elected a director of the Company on October 22, 2012. For the past (5) years, he has served as a director and/or officer of companies engaged in investment banking, financial services, holding, and oil and gas exploration, among others. He is a member of the Integrated Bar of the Philippines.

Roberto V. San Jose, 72, Filipino, was elected director and Corporate Secretary of the Company on October 22, 2012. For the past five (5) years, he has served as director and/or corporate secretary of various client corporations involved in transportation, financial services, infrastructure, mining, property development, holdings, communication, entertainment, and foundation, among others. He is a member of the

Integrated Bar of the Philippines and a Partner at Castillo Laman Tan Pantaleon & San Jose Law Offices.

Ana Ma. Margarita A. Katigbak, 45, *Filipino*, was elected director and Assistant Corporate Secretary of the Company on October 22, 2012. For the past five (5) years, she has served as director and/or corporate secretary and/or assistant corporate secretary in various client corporations involved in holdings, mining, energy, and real estate, among others. She is a member of the Integrated Bar of the Philippines and a Partner at the Castillo Laman Tan Pantaleon & San Jose Law Offices.

Iris Marie U. Carpio-Duque, 36, *Filipino*, was elected director, Compliance Officer and Deputy Corporate Information Officer of the Company on October 22, 2012, and as Assistant Corporate Secretary on December 17, 2012. For the past five (5) years, she has served as officer and/or corporate secretary and/or assistant corporate secretary of companies involved in mining, investment holdings, securities brokering, and real estate. She is a member of the Integrated Bar of the Philippines.

Renato C. Valencia, 71, *Filipino*, has been an independent director of the Company since 2009. For the past (5) years, he has served as director and/or executive officer in companies engaged in banking, investment holdings, education and technology, realty and insurance. He is a former administrator of the Social Security System.

Carmelito R. Zapanta, 68, *Filipino*, has been an independent director of the Company since 2008. For the past (5) years, he has done consultancy work for mining, petroleum, and real estate development companies, and was previously connected with various stock brokerage companies. He graduated from the University of the Philippines with a degree in business.

Independent Directors. Pursuant to Securities Regulations 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. Carmelito R. Zapanta and Mr. Renato C. Valencia.

In line with the guidelines set in SEC Rule 38 and the Nominations Committee approved by the Board of Directors, the Nomination Committee receives the names of nominees and screens them based on the policies and parameters for screening nominees for independent directorship. The final list of candidates, with the information required under Part IV (A) and (C) of Annex "C" of SRC Rule 12, is herewith attached:

Mr. Alfredo C. Ramos nominated Renato C. Valencia and Carmelito Zapanta as independent directors for the ensuing fiscal year 2014. Mr. Alfredo C. Ramos is not related to either or both Mr. Renato C. Valencia and Carmelito Zapanta.

The Company's Nomination Committee is headed by Mr. Christopher M. Gotanco, Chairman, and the members are Mr. Renato Valencia and Mr. Adrian Ramos.

Messrs. Zapanta and Valencia possess the qualifications and none of the disqualifications of an independent director.

Directors with other directorship(s) held in reporting companies

ALFREDO C. RAMOS	Anglo Philippine Holdings Corporation (ED/Chairman) Atlas Consolidated Mining & Dev. Corp. (ED/Chairman) Shang Properties, Inc. (ED) United Paragon Mining Corporation (ED/Chairman) The Philodrill Corporation (ED/Chairman)
CHRISTOPHER M. GOTANCO	Anglo Philippine Holdings Corporation (ED) The Philodrill Corporation (ED) Penta Capital Investment Corporation (ED) United Paragon Mining Corporation (NED)
PRESENTACION S. RAMOS	Anglo Philippine Holdings Corporation (NED) The Philodrill Corporation (NED) United Paragon Mining Corporation (NED) Alakor Securities Corporation (ED/Chairman)
ADRIAN S. RAMOS	Anglo Philippine Holdings Corporation (NED) Atlas Consolidated Mining & Dev. Corp. (ED) United Paragon Mining Corporation (NED) The Philodrill Corporation (NED) Alakor Securities Corporation (NED)
FRANCISCO A. NAVARRO	Anglo Philippine Holdings Corporation (NED) The Philodrill Corporation (ED) United Paragon Mining Corporation (NED)
ROBERTO V. SAN JOSE	Mabuhay Holdings Corporation (ED/Chairman) Anglo Philippine Holdings Corporation (NED) ISM Communications Corporation (NED)
ANA MA. MARGARITA A. KATIGBAK	Mabuhay Holdings Corporation (NED)
RENATO C. VALENCIA	Metropolitan Bank & Trust Co. (NED) Roxas Holdings, Inc. (NED) Anglo Philippine Holdings Corporation (NED)
ADRIAN S. ARIAS	N O N E
IRIS MARIE U. CARPIO-DUQUE	N O N E
CARMELITO R. ZAPANTA	N O N E

Significant Employees. Other than its executive officers, the Company has not engaged the services of any person who is expected to make significant contributions to the business of the Company. The Company is not dependent on the services of certain key personnel and there are no arrangements to ensure that these persons will remain with the Company and not compete upon termination.

Family Relationship. Mr. Alfredo C. Ramos, Chairman of the Board and President, is the husband of Mrs. Presentacion S. Ramos, Director. Mr. Adrian S. Ramos, Director and Treasurer, is the son of Mr. Alfredo C. Ramos and Mrs. Presentacion S. Ramos.

Involvement in Certain Legal Proceedings. For the past five (5) years up to the date this Information Statement is sent to Stockholders, the Company is NOT aware of:

- 1) Any bankruptcy petition filed by or against any business of which any director, nominee for election as director, executive officer, underwriter or control person of the Company was as general partner or executive officer either at the time of the bankruptcy or within two years prior to that time.
- 2) Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses involving any director, nominee for election as director, executive officer, underwriter or control person of the Company.
- 3) Of any director, nominee for election as director, executive officer, underwriter or control person of the Company being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and,
- 4) Of any director, nominee for election as director, executive officer, underwriter or control person of the Company being found by a domestic or foreign court of competent jurisdiction (in a civil action). The commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated securities or commodities law or regulation and the judgment has not been reversed, suspended or vacated.

Related Party Transactions.

The Company, in the ordinary and regular course of business, secures loans and advances from its related parties (i.e. companies with shareholders common with the Company) to fund its capital expenditure and working capital requirements. The loans and advances are covered by promissory notes with interest at 24% per annum. Interest rates are determined on arm's length basis and are based on terms similar to those offered to other related and non-related parties by the creditor-related parties. In 2011, the Company issued promissory notes to Alakor Corporation and National Book Store, Inc. amounting to ₱116.4 million and ₱264.8 million, respectively, for the outstanding balance of the advances. These loans and advances were converted into equity in the recent increase in the Company's authorized capital stock as approved by the SEC on October 30, 2014.

The identities of these related parties, including the amounts and details of the transactions are disclosed in Note No. 12 of the Company's 2013 Audited Financial Statement (AFS), a copy of which is included in this Information Statement.

There are no ongoing contractual or other commitments as a result of the loans and advances obtained from the related parties other than the payment of money lent or advanced.

There are NO transactions with parties that fall outside the definition of "related parties" under SFAS/IAS No. 24. Neither were there any transactions with persons with whom the Company or its related parties have a relationship that enabled the parties to negotiate terms of material transaction that may not be available from other, more clearly independent parties on an arms' length basis.

NO person holds more than 50% of the Company's voting stock and the Company is the parent Company.

Resignation or Declination to Stand for Re-Election. Not applicable.

Item 6. Compensation of Directors and Executive Officers

The aggregate compensation paid to the Company's Chief Executive Officer and four (4) most highly compensated Executive Officers named below as a group for the two (2) most recently completed fiscal year (2013 and 2012) and the ensuing fiscal year (2014) are:

Chief Executive Officer and highly compensated executive officers	Year	Salary	Other Annual Bonus	Compensation
Alfredo C. Ramos	Chairman of the Board. President and Principal Executive Officer			
*Patrick V. Caoile	Executive Vice President General Manager			
*Augusto B. Sunico	VP & Treasurer			
** Romeo B. Molano	VP – Operations			
* **Francisca D. Ricarte	VP – Finance			
	2012	1,430,000	-0-	-0-
	2013	600,000	-0-	-0-
	2014(est.)	200,000	-0-	-0-
All officers and directors as a group unnamed	2012	1,430,000	-0-	-0-
	2013	600,000	-0-	-0-
	2014(est.)	200,000	-0-	-0-

Resigned on October 22, 2012; **April 31, 2013, and *May 31, 2013*

For the years 2013 and 2012, there were NO bonuses and other compensation paid to directors and executive officers, except the 13th month pay which has been included in the amounts due.

For the most recently completed fiscal year and the ensuing fiscal year, directors received and will receive as per diem of P5,000.00 per meeting to defray their expenses in attending board meetings. There are no other arrangements for compensation of directors, as such, during the last fiscal year and for the ensuing fiscal year.

The Company maintains standard employment contract with Mr. Alfredo C. Ramos which provide for his compensation and benefits, including entitlement to health benefits, representation expenses and transportation expenses. There are NO warrants or options outstanding in favor of directors and officers.

Item 7. Independent Public Accountants

The accounting firm of Sycip Gorres Velayo & Company (SGV) with address at 6760 Ayala Avenue, Makati City was appointed external Auditors of the Company in the 2013 Annual Stockholders' Meeting. The fees of the external auditor in the past two (2) years are as follows:

Year	Audit & Audit Related Fees	Tax Fees	Other Fees
2013	P300,000	- 0 -	- 0 -
2012	300,000	- 0 -	- 0 -

For the past two (2) years, the Company has not engaged the services of SGV except for the audit and review of the annual financial statements in connection with statutory and regulatory filings for the years 2013 and 2012. The amounts under the caption "Audit and Audit Related Fees", for the years 2013 and 2012 pertain to these services. The audit committee has an existing policy prohibiting the Company from engaging the external auditors to provide services that may adversely impact its independence, including those expressly prohibited by regulations of the Securities & Exchange Commission (SEC).

In compliance with SRC Rule 68(3)(b)(iv), the accounting firm of SGV sees to it that the certifying partner assigned to our Company is being rotated as required. Ms. Eleanor C. Layug was certifying partner in 2010 and 2011. Thereafter, Ms. Veronica R. Pore was certifying partner for the fiscal year 2011, 2012 and 2013.

There have been NO changes in and disagreements with accountants on any matter of accounting principles or practices, financial statement disclosures or auditing scope or procedure.

NO independent accountant engaged by the Company as principal accountant or an independent accountant on whom the principal accountant expressed reliance in its report regarding a significant subsidiary, has resigned, or has declined to stand for re-election after completion of the current audit, or was dismissed.

The auditor's representatives are expected to be present at the Meeting and they will have the opportunity to make a statement and respond to appropriate questions.

The Company's Audit Committee is headed by Mr. Carmelito R. Zapanta, as Chairman, and the members are Mr. Renato C. Valencia, Mr. Francisco A. Navarro and Mr. Adrian S. Ramos. The audit committee reviews and recommends to the Board and the Stockholders the appointment of the external auditor and the fixing of the audit fees for the Company. For fiscal year 2014, SGV is recommended to stockholders for appointment as independent external auditor of the Company.

Item 8. Compensation Plans

NO action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed, except for the compensation and benefits under existing labor laws and company policy that may be due to employees on the ground of their separation from employment as a consequence of the Company's reorganization.

Item 9. Authorization or Issuance of Securities Otherwise than for Exchange

Description of Registrant's Securities

The shares of stock to be issued from the increase in the Company's authorized capital stock shall be Common Shares, which are voting shares. The By-laws provide for the denial of pre-emptive rights of stockholders owning Common Shares. For a further discussion of the voting rights of Common Shares, please refer to Item 4 of this Information Statement.

Description of Transaction

In the annual stockholders' meeting held last May 29, 2013, the stockholders and directors approved the increase in the authorized capital stock from Php600,000,000.00 to Php4,000,000,000.00 by way of conversion of existing advances into equity, and cash subscription. National Book Store, Inc. and/or its designees will subscribe to the increase of authorized capital stock at P1.00 per share through (i) conversion to equity of its advances amounting to Php363,944,338.00 as of December 31, 2012, as audited, and (ii) cash subscription of up to Php3,036,055,622.00. The specific use/s of proceeds from the capital increase was duly disclosed via a comprehensive corporate disclosure to the SEC. The Corporation's application for the said increase in authorized capital stock and the corresponding amendment to its Articles of Incorporation were recently approved on October 30, 2014.

Item 10. Not Applicable

Item 11. Financial and other Information

The information required under Item 11(a) of SEC Form 20-IS are contained in the Company's 2013 annual report on SEC Form 17-A and 2013 Audited Financial Statements accompanying this Information Statement.

Item 12. Merger, Consolidations, Acquisitions & Similar Matters

Although stockholders' approval was obtained on May 29, 2013 for the sale and/or transfer of the mining- and oil-related assets of the Company, no actual disposition of the said assets has been made to date.

As of the date of this Information Statement, there is as yet no definite arrangement for the transfer and/or disposition of these assets. There is neither a definite price nor a transferee, because no transfer and/or disposition are contemplated in the proximate future. In the event such transfer and/or disposition become definite, disclosure of such transfer and/or disposition shall be made in due course in SEC Form 17-C, including but not limited to the terms of the transfer and/or disposition, copy of contracts and/or agreements, and the use of proceeds from such transfer and/or disposition.

Item 13. Not Applicable

Item 14. Restatement of Accounts

As stated in Note No. 2 of the Company's 2013 Audited Financial Statements, a copy of which is attached to this Information Statement, the Company applied Philippine Financial Reporting Standards (PFRS) in preparing its financial statements with January 1, 2004 as the date of transition. The adoption of PFRS resulted in certain changes to the Company's previous accounting policies.

NO action is to be taken with respect to the restatement of any asset, capital or surplus account of the Company.

C. OTHER MATTERS

Item 15. Action With Respect to Reports

The following will be submitted to the stockholders for approval/ratification at the meeting:

- a) Minutes of the previous Annual Stockholders Meeting

In the stockholders' meeting on May 29, 2013, where 69.57% were personally present or were represented by their duly authorized proxies, the stockholders approved the 2012

Annual Report and 2012 Audited Financial Statements. Furthermore, the stockholders approved the Minutes of the previous stockholders' meeting, ratified the corporate acts of Management and the Board of Directors, the year just closed, elected the new members of its Board of Directors for the coming year, and appointed the Company's external auditors. This constitutes the ratification of the accuracy and faithfulness of the Minutes to the events that transpired in the 2012 Annual Stockholders' Meeting, and does not constitute a second approval of the matters taken up thereat, which have already been approved.

- b) Annual Report/Management Report for the year ended 31 December 2013 (a copy containing the information required by SRC Rule 20A is enclosed). Approval of the Company's performance during the previous year as contained therein.
- c) Acts and Resolutions of the Board of Directors and Management, from the date following the last Annual Stockholders' Meeting (May 29, 2013) to the present (December 05, 2014) including, but not limited to, the following:
 - SEC 17-C Notice of the Annual Stockholders' Meeting (October 17, 2014)
 - SEC 17-C Submission of the Consent Letter for Mr. Francisco A. Navarro from Professional Regulation Commission (October 16, 2014)
 - SEC 17-C Submission of the Consent Letter for Mr. Alfredo C. Ramos from the National Book Development Board (August 15, 2014)
 - SEC 17-C Subscription of National Book Store, Inc. to 850,000,000 shares (August 12, 2014)
 - SEC 17-C Certification on the Extent of the Company's Compliance with its Manual on Corporate Governance (July 24, 2014)
 - SEC 17-C Annual Certification of the Mines & Geosciences Bureau – Department of Environment and Natural Resources on the mining claims of the company (May 15, 2014)
 - SEC 17-C Postponement of the Annual Stockholders' Meeting (May 09, 2014)
 - SEC 17-C Clarification of the Manila Standard Today (Internet Edition) News Article (May 09, 2014)
 - SEC 17-C Notice of Change of Transfer Agent (March 12, 2014)
 - SEC 17-C Certification on the Extent of the Company's Compliance with its Manual on Corporate Governance (February 26, 2014)
 - SEC 17-C Results of the 2013 Annual Stockholders' Meeting and Organizational Meeting (May 29, 2013).
- d) Change in the Corporation's principal address from "Mandaluyong, Metro Manila" to "Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City, Philippines".
- e) Election of Directors for the term 2014-2015
- f) Appointment of SGV as the Company's external auditor for 2014

Item 16. Matters Not Required to be Submitted

Proofs of transmittal to stockholders of the required Notice for the Meeting and of the presence of a quorum at the Meeting form part of the Agenda for the Meeting but will not be submitted for approval by the stockholders.

Item 17. Amendment of Articles of Incorporation and By-Laws

In order to raise funds, the Company has implemented a capital restructuring program via an increase in authorized capital stock through conversion into equity of its debt to National Book Store, Inc. and the latter's cash subscription of shares of stock from the said increase. In order to carry this out, the Articles of Incorporation was amended to reflect the capital stock increase. Consequently, National Book Store, Inc. has become the majority stockholder of the Company. The necessary stockholders' and directors' approvals therefor were obtained during the Annual Stockholders' Meeting held on May 29, 2013 and at the board meeting held on October 22, 2012, respectively. The SEC approved the capital stock increase and amendment of the Articles of Incorporation on October 30, 2014.

Furthermore, in order to comply with SEC Memorandum Circular No. 6, series of 2014, in relation to SEC Memorandum Circular No. 3, series of 2006, directing all corporations to state the specific address of their principal office in their Articles of Incorporation, the Articles of Incorporation will have to be amended to reflect the change in principal address from "Mandaluyong, Metro Manila" to "Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City, Philippines".

Item 18. Other Proposed Action

NO ACTION on any matter, other than those stated in the Agenda for the Meeting, is proposed to be taken, except matters of incidence that may properly come at the Meeting.

Item 19. Voting Procedures

- a) In the election of directors, the eleven (11) nominees with the greatest number of votes will be elected directors.
- b) If the number of nominees for election as directors does not exceed the number of directors to be elected, the Secretary of the Meeting shall be instructed to cast all votes represented at the Meeting equally in favor of all such nominees. However, if the number of nominees for election as directors exceeds the number of directors to be elected, voting shall be done by ballot, cumulative voting will be followed, and counting of votes shall be done by two (2) election inspectors appointed by the stockholders present or represented by proxy at the meeting.

In accordance with SRC Sec. 38 and SRC Rule 38, only nominees whose names appear in the Final List of Candidates for Independent Directors shall be eligible for election as Independent Directors. No other nomination shall be entertained after the Final List of

Candidates shall have been prepared and no further nomination shall be entertained or allowed on the floor during the actual Annual Stockholders' Meeting.

Mr. Renato C. Valencia and Carmelito R. Zapanta are nominated for election as independent directors of the company for fiscal year 2014.

- c) For corporate matters that will be submitted for approval and for such other matters as may properly come at the Meeting, a vote of majority of the shares present or represented by proxy at the Meeting is necessary for their approval, voting shall be done viva voce, or by the raising of hands and the votes for or against the matter submitted shall be tallied by the Secretary.

If the stockholder makes no choice in any or all of the matters submitted for his vote or approval as stated in the Proxy Form, discretionary authority to vote any and all the shares of the stockholders, cumulatively or otherwise, in favor of the proxy named and appointed by the stockholders in the Proxy Form is solicited.

D. SOLICITATION INFORMATION

- a) **Solicitor.** The enclosed proxy is solicited in behalf of Vulcan Industrial and Mining Corporation for use in voting in the 2014 Annual Stockholders Meeting to be held on the date and time and place stated above and in the Notice accompanying this Information Statement and at any postponement or adjournment thereof.
- b) **Instruction.** Proxies, in the accompanying Proxy Form, must be properly signed, executed, dated and returned by the Stockholder on or before 5:00 PM on November 25, 2014. Validation of proxies will be held at the Company's principal office on November 28, 2014 at 3:00 PM. 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. 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 Paragraph C below, a proxy given by a stockholder shall be voted by the Chairman of the Board, Mr. Alfredo C. Ramos or the Chairman of the Meeting, with full power of substitution and delegation, in accordance with 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 nominees directors named in the Proxy Form and FOR THE APPROVAL of the matters stated in the Proxy Form and all other matters for which stockholders' approval may be sought in the Meeting and at the postponement or adjournments thereof.

The matters to be taken up in the Meeting of Stockholders and the names of nominee directors are all specified in the Proxy Form accompanying this Information Statement with boxes opposite them where the stockholder or his designated proxy can indicate his preferred choice or vote.

- c) **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 November 25, 2014, or b) by appearing at the Meeting in person and expressing his intention to vote in person.
- d) **Person Who Will Make the Solicitation.** The enclosed proxy is solicited in behalf of the Company for use in voting at the 2014 Annual Stockholders' Meeting to be held on the date, time and place stated above and in the Notice accompanying this Information Statement and at any postponements or adjournments thereof.

There are NO other participants in the solicitation of proxies through his Information Statement, other than the Company.

Solicitation of proxies will be made 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 contract or 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 this Information Statement, the Proxy Form and the accompanying materials. The Company estimated proxy solicitation expenditures to amount to about P75,000.00.

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 and correct. This report is signed in the City of Mandaluyong on November 11, 2014.

By:


IRIS MARIE U. CARPIO-DUQUE
Assistant Corporate Secretary

MATERIALS ACCOMPANYING THIS INFORMATION STATEMENT

1. Management Report on SEC Form 17-A*
2. Final List of Candidates for Independent Directors
3. Unaudited Financial Statements for the interim period ended September 30, 2014**
4. Notice of 2014 Annual Stockholders' Meeting
5. Proxy Form
6. Audited Financial Statements for 2013

**The Company undertakes to provide, without charges, upon written request of stockholders, a copy of the Company's Annual Report on SEC Form 17-A, such request should be addressed to the Corporate Secretary, Vulcan Industrial & Mining Corporation, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City 1550, Philippines.*

***The Company likewise undertakes to distribute copies of the Company's Third Quarter Report in SEC Form 17-Q, to the Stockholders at the 2014 Annual Stockholders' Meeting.*

VULCAN INDUSTRIAL AND MINING CORPORATION

Quad Alpha Centrum
125 Pioneer Street, Mandaluyong City
Tel. Nos. (632) 6313880; 6318078

**MANAGEMENT REPORT ACCOMPANYING INFORMATION STATEMENT
PURSUANT TO SRC RULE 20(4)**

I. Audited Financial Statements

The audited financial statements of Vulcan Industrial and Mining Corporation and Subsidiary (the "Company") for the fiscal year ended December 31, 2013 is attached hereto.

II. Disagreement with Accountants on Accounting and Financial Disclosure. NONE

III. Management's Discussion and Analysis or Plan of Operations

a) Full fiscal year

1) Financial Condition, Changes in Financial Condition and Results of Operations

Financial Highlights for the year 2013, 2012 and 2011 are presented below:
(In thousands of Pesos)

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Dividend Income	180	268	7,222
Interest Income & Other Income	6,593	96,312	21,901
Net Income (Loss)	362	59,222	10,609
Attributable to:			
Equity holders of the parent	362	59,222	10,609
Total Assets	985,233	984,157	1,151,819
Net Worth	598,079	589,040	622,739
Issued & Subscribed Capital	600,000	592,272	592,272

The Company posted a net income of P0.36 million in 2013 compared to net income of P59.22 million in 2012 and P10.61 million in 2011.

Gross revenues in 2013 amounts to P6.77 million compared to P96.58 million in 2012 while the gross revenues for 2011 amounted to P92.15 million.

Total cost and expenses in 2013 had an aggregate amount of P6.36 million against P13.61 million in 2012 as against P77.93 million in 2011.

Total assets were ₱985.23 million in 2013, slightly higher than the ₱984.16 billion in 2012.

- a) Cash and cash equivalents increased by P 0.237 million due to disposal of AFS investment and treasury shares offset by payment of various operating costs during the period.
- b) Receivables decreased by P 0.34 million due to the assignment of Vulcan Materials Corporation (VMC) to another corporation
- c) Available-for-sale financial assets decreased by P 4.05 million due to the sale of The Philodrill shares during the period.
- d) Property and equipment decreased by P 0.47 million due to depreciation and disposal of a parcel of lot during the period.

Total Assets decreased to P984.16 million in 2012 from P1.15 billion in 2011.

- a) Cash and cash equivalents decreased by P 0.53 million due to the increase in operating costs during the period.
- b) Receivables decreased by P 15.43 million due to increase in trade receivables because of the share of Angat Rockbase in the development cost and increase in advances/payment to various suppliers/contractors.
- c) Inventories increased by P7.66 million due to the increase in stock pile of finished goods.
- d) Available-for-sale financial assets decreased by P 140.69 million due to the sale of The Philodrill shares and Anglo Phil. Holdings shares during the period.
- e) Property and equipment decreased by P 42.08 million due to depletion and depreciation during the period.
- f) Deferred exploration cost and other charges increased by P 39.94 million due to increase in expenses for the various projects of the Company.

Total liabilities decreased to P387.15 million in 2013 from P395.12 million in 2012.

- a) Trade and other payables decreased by P 3.96 million due to the reversal of liabilities.
- b) Payables to related parties decreased by P 363.94 million due to reclassification of accounts to deposits for future stock subscriptions.
- c) Retirement benefits liability decreased by P 4.04 million due to reduction of the number of employees.

Total liabilities decreased to P395.122 million in 2012 from P520.74 million in 2011.

- d) Bank loans decreased by P9.38 million due to assignment of VMC to another corporation.
- e) Trade and other payables decreased by P45.89 million due to assignment of VMC to another corporation.
- f) Payables to related parties decrease by P63.46 million due to payments for the period.
- g) Retirement benefits liability decreased by P2.29 million due to the additional accrual of retirement benefits of employees for the year.

Marian Project

The Marian Copper and Gold Project covers adjoining areas of Barangay Buaya, Municipality of Diadi, Province of Nueva Vizcaya and Barangay San Luis, Caquilingan, Anonang, Dallao, Villa Meimban, Quimaldero, Municipality of Cordon, Province of Isabela. The area encompasses 6,325 hectares denominated by APSA No. 000021-II.

VIMC started a scoping study of the Marian gold tailings to assess the economic potentials of erecting new Gold CIP processing facility on a stand-alone basis.

Negros Copper Projects

The Negros Manlupo Copper Project in Barangay Damutan, Hinoba-an, Negros Occidental has an area of 477 hectares covered by MPSA No. 092-97-VI granted on November 20, 1997. The Negros Luz Copper Project located in Barangay Manlucahoc, Sipalay City, Negros Occidental has an area of 806.57 hectares and is covered by MPSA No. 113-98-VI granted on May 6, 1998.

The Company has drilled holes to the presence of Cu ore at greater depth. One (1) hole will be driven beside and deepen through F-13 to assure the expected extension of the presently delineated ore body.

Malimono Gold Project

The Malimono Gold Project is located in Barangays Masgad, Cansayong, Bunyasan, Hanagdon, Cawayan, Tinago, San Isidro, Binocaran and Cagnina-e, Municipality of Malimono. It has an area of 358.68 hectares. EP owner is Ninety Niners Development Corporation with which VIMC signed a Memorandum of Agreement on March 08, 2008. An initial program of 24 cased DDHS had been started. This program is divided into twelve (12) holes onshore for equipment testing on adaptability, flexibility and integrity of samples taken down to bedrock; another set staggered offshore probe holes programmed down to bedrock.

Pinut-an Gold Project

The Pinut-an Gold Project is located in the Municipalities of San Ricardo and Pintuyan, Panaon Island, Leyte del Sur. It is covered by an Exploration Permit, EP-2005-00004 granted on March 2005 and renewed on November 11, 2010 with an area of 1,645.98 hectares; and Exploration Permit Application No. EXPA-004-VII with a total area of 1,969 hectares.

The type of mineralization in the area is epithermal gold mineralization in typical quartz vein developed in a system of quartz-stock confined to the eastern side of Panaon Island. The occurrence of gold mineralization is recognized in five (5) localities within the EP area: Pinut-an Main Vein System, Pinut-an South Vein System, Caingin Point Vein System, Esperanza Prospect and Bituon Prospect.

Davao Gold Project

The Davao Gold Project is located in Barangays Tubli, Limor, Tubaon and Libuacm, Municipalities of arragona and Manay, Province of Davao Oriental. It has an area of 270 hectares and is covered by an APSA-0000194-XI filed on September 02, 1977 and is pending with MGB RO No. XI, Davao City. Mineralization in the area appears to be associated with the emplacement of a diorite intrusive along fault splays of the Minadanao extension of the Philippine fault zone.

Zambales Gabbro Project

The Zambales Gabbro Project is located in Barangay Cawag, Municipality of Subic, Zambales which is covered by APSA No. 000035-III and filed on May 4, 1992. An initial study based on surface and drill core data showed at least four (4) types of gabbro varieties suitable for dimension stones delineated in three (3) prospective quarry sites and they are black fine gabbro, green fine gabbro, green medium gabbro and green coarse gabbro.

Palawan Granite Project

The Palawan Granite Project is located in the Municipalities of San Vicente and Taytay, Palawan. It has an area of 1,995 hectares and is covered by EPA-IVB-25B filed on November 7, 2007 by Vulcan Materials Corporation. The project contains granite mineral resource deposit that can be a source of dimension stones for the construction industry. This project

Isabela Dimakawal Copper-gold Project

This project is located in the Municipality of Dinapigue, Isabela Province. It has an area of 2,389.50 hectares and is covered by EP-II-00012 filed by Wealth Minerals, Inc., a wholly-owned mining corporation of the Company. The project has mineralization (pyrite-chalcopryrite-sphalerite disseminations and clusters associated with white to gray quartz) occurring as a breccias matrix on highly silicified to chloritized fine basalt volcanic.

2) Year end Results

For the year ended 2013, the Company posted a net income of P0.36 million compared to net income of P59.22 million in 2012 and net of P10.61 million in 2011.

3) Future Prospects

- 3.1 Hinobaan Copper Project
- 3.2 Marian Gold Project
- 3.3 Panaon Gold Project
- 3.4 Davao Gold Project

4) Key Variable and Other Qualitative and Quantitative Factors

The top five (5) key performance indicators of the Company and its subsidiary are as follows:

	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2012</u>
Current Ratio	1.26 : 1	0.06 : 1
<u>Current Assets</u>	<u>29,176,129</u>	<u>24,002,213</u>
Current Liabilities	23,209,226	387,845,665
Debt to Equity Ratio	0.65 : 1	0.67 : 1
<u>Total Liabilities</u>	<u>387,153,564</u>	<u>395,116,449</u>
Stockholders Equity	598,079,224	589,040,214
Equity to Debt Ratio	1.54 : 1	1.49 : 1
<u>Stockholders Equity</u>	<u>598,079,224</u>	<u>589,040,214</u>
Total Liabilities	387,153,564	395,116,449
Book Value per share	P1.00	P0.99
<u>Stockholders Equity</u>	<u>598,079,224</u>	<u>589,040,214</u>
Total # of shares	600,000,000	592,271,739
Earnings (Loss) per share	P0.0006	P0.1000
<u>Net Income (Loss)</u>	<u>361,870</u>	<u>59,222,2511</u>
Total # of shares	600,000,000	592,271,739

Current Ratio remained 1.26:1 as of December 31, 2013 as compared to 0.06:1 as of December 31, 2012. The Company's Current Assets exceeded its Current Liabilities by P5.97 million as of December 31, 2013 as compared to December 31, 2012 where Current Liabilities exceeded its Current Assets by P363.84 million this was due to reclassification of portion of current liabilities to non-current liabilities as deposits for future stock subscriptions. However, portion of Investments and Available-For-Sale (AFS) investments in the balance sheet consists of shares of stocks which are listed with the Philippine Stock Exchange and which could be sold to meet the Company's obligations as might be called for by future circumstances.

- i) Trends, events or uncertainties that have or are reasonably likely to have a material impact on the Company's short-term or long-term liquidity - The information required is contained in Note 2(b) of the Company's 2013 Financial Risk Management Objectives and Policies.
- i) 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.
- ii) There are NO material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.
- iii) There are NO material commitments for capital expenditures.

- a) The Company expects to be able to satisfy its working capital requirements for the next twelve (12) months. In fact, the Company is implementing a major capital restructuring program through an increase in capital stock. It also sold all its treasury shares in the first quarter of 2013. Should the Company's cash position be not sufficient to meet current requirements, the Company may consider:
 - a.1) Collecting a portion of its Accounts Receivables; or
 - a.2) Selling a portion of its existing investments; or
 - a.3) Generating cash from loans and advances
- b) The Company is now considering offer of foreign/local investors to undertake exploration/development work in the Company's projects in exchange for equity in projects that they will be involved in.
- c) The Company does not expect to make any purchase or sale of any plant and significant equipment within the next twelve (12) months.
- d) The Company expects to have a significant change in the number of employees for the next twelve (12) months due to the ongoing reorganization.
- e) Cost and Effects of Compliance with Environmental Laws.

The Company has an outstanding strict policy of adherence to the environmental laws according the Environmental Clearance Certificate (ECC) granted by the Department of Environmental Protection and Enforcement Program (AEPEP).

The Company is committed to spend for environmental protection related activities; community developments assistance; research and development; monitoring and maintenance; and tree planting/reforestation under the approved AEPEP.

Compliance with all government and non-government requirements has made the Company a recognized entity in the aggregate industry.

No bankruptcy, receivership or similar proceeding has been filed by or against the Company during the last three (3) years.

No material reclassification merger, consolidation, or purchase/sale of a significant amount of assets not in ordinary course of business has been undertaken by the Company during the last three (3) years.

b) Interim Period – Third Quarter of 2014

The Company posted gross income of P0.06 million for the nine months ended September 30, 2014 and incurred a net loss of P3.4 million during the period, compared to a gross income of P10.04 million for nine months ended September 30, 2013, mainly attributable to

gain from sale of treasury shares of the Company which resulted to net income of P4.9 million.

Total assets increased from P985.23 as of end-December 31, 2013 to P1.00 billion as of end-September 30, 2014 due to i) increase in the market value of available for sale investment and ii) the increased in Cash and cash equivalents and due from related parties was brought about by the advances made by National Book Store Inc. on their subscription to the Company's shares of stock.

Total liabilities increased from P387.1 million as of end-December 31, 2013 to P409.2 million as of end-September 2014, due to i) increase in payable to related parties, which was applied as deposit for future subscription to the Company's shares of stock.

Deficit increased from P37.2 million as of end-December 31, 2013 to P40.6 million as of end September 30, 2014 due to additional losses incurred by the Company.

Total Stockholders' equity decreased from P598.1 million as of December 31, 2013 to P595.8 million as of end-September 30, 2014 due additional losses incurred by the Company during the period.

The top five (5) key performance indicators of the Company and its wholly owned subsidiary are as follows:

	<u>Sept. 30 2014</u>	<u>Dec.31.2013</u>
Current Ratio	2.28 : 1	1.26 : 1
<u>Current Assets</u>	<u>47,617,103</u>	<u>29,176,129</u>
Current Liabilities	20,903,695	23,209,226
 Asset to Equity Ratio	 1.69 : 1	 1.65 : 1
<u>Total Assets</u>	<u>1,004,990,365</u>	<u>985,232,788</u>
Stockholders Equity	595,839,550	598,079,224
 Debt to Equity Ratio	 0.69 : 1	 0.66 : 1
<u>Total Liabilities</u>	<u>409,150,815</u>	<u>387,153,564</u>
Stockholders Equity	595,839,550	598,079,224
 Equity to Debt Ratio	 1.46: 1	 1.52 : 1
<u>Stockholders Equity</u>	<u>595,839,550</u>	<u>598,079,224</u>
Total Liabilities	409,150,815	387,153,564
 Book Value per Share	 P 1.00	 P 1.00
<u>Stockholders Equity</u>	<u>595,839,550</u>	<u>598,079,224</u>
Total # of Shares	600,000,000	600,000,000
 Earnings/(Loss) per Share	 (P 0.006)	 P 0.0006
<u>Net Income (Loss)</u>	<u>(3,412,849)</u>	<u>361,870</u>
Total # of Shares	600,000,000	600,000,000

Management is not aware of any material event/s and uncertainties that would address the past nor would have material impact on future operations of the Company.

The Company is preparing for its intended acquisition by National Book Store, Inc. (NBS) for purposes of listing with the Exchange. It is well to note that NBS has recently subscribed to 850,000,000 shares from the increase in authorized capital stock of the Corporation. On October 30, 2014 the Securities and Exchange Commission approved the increase in authorized capital stock of the Company from P600 million to P4 billion.

In general, Management is not aware of any material event or uncertainty that has affected the current fiscal period and/or would have a material impact on future operations of the Company. The Company will continue to be affected by the Philippine business environment as may be influenced by any local/regional financial and political crises.

There are NO known trends, demands, commitments, events or uncertainties that have or are reasonably likely to have material impact on the Company's liquidity. Should the Company's cash position be not sufficient to meet current requirements, the Company may consider to undertake programs to raise additional funds thru increase in capital and sale of Available-for-sale (AFS) financial assets to finance the various projects. The Company is also considering prospective investors for its various projects.

The Company has NO material commitments for capital expenditures EXCEPT for the Company's exploration and development costs in mineral projects

The standards mentioned in SEC Memorandum Circular No. 6 Series of 2013 are not applicable to the Company's interim financial statements as of the period ended-September 2014.

There will be no purchase /sale of significant equipment on the next twelve months.

The number of employees will have no significant change in the next twelve (12) months.

Any material commitments for capital expenditures- the Company has NO material commitments for capital expenditures EXCEPT for the Company's exploration and development costs in mineral projects.

Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations is not applicable

Any significant elements of income or loss that did not arise from the issuer's continuing operations is not applicable

Any seasonal aspects that had material effect on the financial condition or results of operations is not applicable

Management is not aware of any material event/s and uncertainties that would address the past nor would have material impact on future operations of the Company.

The Company is preparing for its intended acquisition by National Book Store, Inc. (NBS) for purposes of listing with the Exchange. It is well to note that NBS has recently subscribed to 850,000,000 shares from the increase in authorized capital stock of the Corporation. On October 30, 2014 the Securities and Exchange Commission approved the increase in authorized capital stock of the Company from P600 million to P4 billion.

In general, Management is not aware of any material event or uncertainty that has affected the current fiscal period and/or would have a material impact on future operations of the Company. The Company will continue to be affected by the Philippine business environment as may be influenced by any local/regional financial and political crises.

There are NO known trends, demands, commitments, events or uncertainties that have or are reasonably likely to have material impact on the Company's liquidity. Should the Company's cash position be not sufficient to meet current requirements, the Company may consider to undertake programs to raise additional funds thru increase in capital and sale of Available-for-sale (AFS) financial assets to finance the various projects. The Company is also considering prospective investors for its various projects.

The Company has NO material commitments for capital expenditures EXCEPT for the Company's exploration and development costs in mineral projects

The standards mentioned in SEC Memorandum Circular No. 6 Series of 2013 are not applicable to the Company's interim financial statements as of the period ended-September 2014.

There will be no purchase /sale of significant equipment on the next twelve months.

The number of employees will have no significant change in the next twelve (12) months.

Any material commitments for capital expenditures- the Company has NO material commitments for capital expenditures EXCEPT for the Company's exploration and development costs in mineral projects.

Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations is not applicable

Any significant elements of income or loss that did not arise from the issuer's continuing operations is not applicable

Any seasonal aspects that had material effect on the financial condition or results of operations is not applicable

The Company activities expose it to a variety of financial risks. The Board of Directors reviews and approves on policies for managing each of these risks namely:

Credit Risk

Credit risk is the risk that the Company will incur losses if its counterparties fail to discharge their contractual obligations.

The Company manages and controls credit risk by doing business mostly only with affiliates and recognized, reputable and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit procedures. Receivables are monitored on an ongoing basis bringing the Company's exposure to bad debts to a minimum level. Since the Company trades only with related parties and recognized third parties there is no requirement for collateral. The Company's maximum exposure to credit risk equals the carrying amount of this receivables/financial instrument.

Liquidity Risk

Liquidity risk is defined as the risk the Company would not be able to settle or meet its obligations on time or at a reasonable price. Management is responsible for liquidity, funding

as well as settlement management. The Company's objective is to maintain a balance between continuity of funding and flexibility by availing credit facilities from various suppliers. The Company mainly sources its funds from bank loans and payable to related parties.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rate will affect future cash flows of the fair value of financial instruments. The Company has no interest rate risk as of the period ended-September 2014 and for the year ended 2013.

Equity Price Risk

Equity price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to equity price risk because of quoted financial assets held by the Company, which are classified on the financial statements of consolidated balance sheets as AFS financial assets.

Financial instruments

The Company recognizes a financial asset or a financial liability in the consolidated balance sheet when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of asset) or received (in case of a liability). The initial measurement of financial instruments, except for those financial assets and financial liabilities at fair value through profit or loss (FVPL), includes transaction cost.

On initial recognition, the Company classifies its financial assets in the following categories: Held-for-Maturity (HTM) investments, AFS financial assets, and loans and receivables. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates such designation at every financial reporting date.

Under PAS 39, all financial liabilities are recognized initially at fair value and in case of loans and borrowings, plus directly attributable transaction costs. Financial liabilities are classified as FVPL, loans and borrowings and derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual agreement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax benefits.

The Company's financial assets consist of loans and receivables and AFS investments. The Company's financial liabilities are classified as loans and borrowings. The Company has no financial assets and liabilities at FVPL and HTM investment.

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments and all other financial instruments where there is no active market, fair value is determined by using generally accepted valuation techniques. Such techniques include using arm's length market transactions; reference to the current market value of another instrument, which are substantially the same; discounted cash flow analysis and other valuation models.

Financial Soundness Indicators

	Sept. 30, 2014	Sept. 30, 2013
<i>Current Liquidity Ratios</i>		
Current Ratios	2.28:1	0.07:1
Quick Ratios	2.28:1	0.07:1
<i>Solvency Ratios</i>	2.46:1	0.01:1
<i>Debt-to-equity Ratios</i>	0.69:1	0.71
<i>Asset-to-equity Ratios</i>	1.69:1	1.71:1
<i>Interest Rate Coverage Ratios</i>	0	249.66:1
<i>Profitability Ratios</i>		
Gross Profit Margin	0%	0%
Net Profit Margin	0%	0%

Employees

The Company has no regular employee in management and administrative, as at December 31, 2013. The Company maintains two regular consultants to manage the company property claims. The company expects to have a significant change in the number of employees for the next twelve months relative to the change in management and line of business interest. There are no employees who are subject to any Collective Bargaining Agreement (CBA). The Company was not threatened by any strike in the past three years.

IV. Brief Description of the General Nature and Scope of Business of the Company

The Company was incorporated on January 13, 1953. The Company's corporate life was extended for another 50 years on January 13, 2003 or until January 12, 2053. The Company and its subsidiary are engaged in mining and mineral explorations.

Its wholly-owned subsidiary, Vulcan Materials Corporation (VMC), registered on September 12, 1991 is engaged in rock aggregate quarrying, crushing and marketing. On December 18, 2012, it sold its shares in VMC to Anglo Philippine Holdings Corporation, a related party.

The registered business address of the Company is Quad Alpha Centrum Building, 125 Pioneer Street, Mandaluyong City.

V. Market Price & Dividend

The Company's common shares are traded in the Philippine Stock Exchange, Inc. The quarterly high and low sales priced for the years 2014, 2013 and 2012 were as follows:

	High	Low
2014		
First Quarter	1.52	1.35
Second Quarter	1.59	1.39
Third Quarter	2.17	1.48
2013		
First Quarter	1.76	1.41
Second Quarter	2.40	1.25
Third Quarter	1.66	1.34
Fourth Quarter	1.55	1.33
2012		
First Quarter	1.22	0.90
Second Quarter	1.13	0.90
Third Quarter	1.10	0.90
Fourth Quarter	2.20	0.90

As of September 30, 2014 of this Information Statement, the market price of the Company's share is P1.63/ share.

Holders

The number of shareholders of record as of September 30, 2014 was one thousand nine hundred fifty (1,950).

The Top 20 Stockholders as of September 30, 2014 are:

	NAME	NO. OF SHARES	% to TOTAL
1.	PCD Nominee Corporation- Filipino*	506,529,881	84.425
2.	PCD Nominee Corporation	34,345,797	5.724
3.	Amelita Chua	4,000,000	0.667
4.	Eugene Sy	3,000,000	0.500
5.	BPI FAO IBOD	2,980,555	0.496
6.	Emmanuel Acuna	2,800,000	0.466
7.	Lucio W. Yan and/or Clara Yan	2,500,000	0.416
8.	Wise Securities Phils., Inc.	1,690,000	0.281
9.	Campos, Lanuza & Co., Inc.	1,500,769	0.250
10.	G&L Securities Co., Inc.	910,000	0.152
11.	E. Chua Chiaco Securities, Inc.	782,000	0.130
12.	L.M. Garcia & Associates, Inc.	623,724	0.104
13.	VIMC Special Account	576,500	0.096
14.	Alberto Mendoza and/or Jeanie C. Mendoza	564,950	0.094
15.	Filomena R. Carlos	537,672	0.089
16.	Lucio W. Yan	524,904	0.087
17.	Larrgo Securities Co., Inc.	511,121	0.085
18.	Philippine Communication Satellite	509,685	0.085

Corp.		
19. L.M. Garcia Sec. Corp.	500,000	0.083
20. Eleanor Laya De Gracia and/or Jaime C. Laya	456,950	0.076

**Shares of stocks registered under the name of Alakor Corporation, National Book Store, Inc. and Alakor Securities Corporation (Trading Participants) based on previous years' practice always appoint Alfredo C. Ramos as proxy for these companies.*

Dividends

No dividends were declared during the last two (2) fiscal years 2013 and 2012. The Company's ability to declare dividends on common equity is restricted by the availability of sufficient retained earnings.

Recent Sales of Unregistered Securities

NO unregistered securities were sold during the past three (3) years. All of the Company's issued and outstanding shares of stocks are duly registered in accordance with the provisions of the Securities Regulation Code.

- a) Securities sold - not applicable; No securities were sold
- b) Underwrites and Other Purchases – not applicable; No securities were sold.
- c) Consideration – not applicable; No securities were sold.
- d) Exemption from Registration Claimed – not applicable; No securities sold.

VI. Corporate Governance

- a) The Company uses the evaluation system established by the SEC in its Memorandum Circular No. 5, series of 2003 and by PSE Memo No. 2013-0013 and Memo CN 2013-0007, including the accompanying Corporate Governance Self-Rating Form (CG-SRF) and Corporate Governance Guidelines Disclosure Survey to measure or determine the level of compliance of the Board of Directors and top-level management with the Company's Corporate Governance manual.
- b) The Company undertakes a self-evaluation process every semester and any deviation from the Company's Corporate Governance Manual is reported to the Management and the Board together with the proposed measures to achieve compliance.

- c) Except as indicated below, the Company is currently in full compliance with the leading practices on good corporate governance embodied in the CG-SRF and Corporate Governance Guidelines Disclosure Survey:
- 1) As the Company is undergoing reorganization and is in a transition phase, the Company is in the process of drafting and designing the following, among others:
 - a. Code of Conduct for the Board, CEO and staff, as well as existing policies and procedures that can identify and resolve potential conflicts of interest.
 - b. Formal development program for its Board of Directors;
 - c. Establishment of an internal audit group;
 - d. Enterprise Risk Management activities;
 - e. Appointment of a Risk Management Officer; and
 - f. Incentive Mechanism for its employees.
 - 2) The Company's employees and officers undergo professional development programs subject to meeting the criteria set by the Company. Succession plan for senior management is determined by the Board as the need arises.
- d) The Company shall adopt such improvement measures on its corporate governance as they may be necessary from time to time.

The Company undertakes to provide, without charges, upon the written request of a stockholder, a copy of its Annual Report on SEC Form 17-A. Such request should be addressed to the Assistant Corporate Secretary, Vulcan Industrial and Mining Corporation, Quad Alpha Centrum, 125 Pioneer Street Mandaluyong City 1550, Philippines.

The Company likewise undertakes to distribute copies of the Company's Third Quarter Report in SEC Form 17-Q, to the stockholders at the 2014 Annual Stockholders' Meeting.

**Final List of Candidates
For Election as Independent Directors**

A. Candidate for Election as Independent Directors

Name	Age	Current Position	Period of Service	
			From	To
Renato C. Valencia	71	Independent Director	2009	Present
Carmelito Zapanta	68	Independent Director	2008	Present

Mr. Valencia and Mr. Zapanta have always possessed the qualifications and none of the disqualifications of an independent director.

Directors elected in the Annual meeting of Stockholders have a term of office of one (1) year and serve as such until their successors are elected and qualified in the next succeeding Annual Meeting of Stockholders, provided that a director who was elected to fill a vacancy arising in the Board shall only serve the unexpired term of his predecessors.

B. Business Experience During the Past Five (5) years of Candidate for Independent Director.

Renato C. Valencia, 71, Filipino, has been an independent director of the Company since 2009. For the past (5) years, he has served as director and/or executive officer in companies engaged in banking, investment holdings, education and technology, realty and insurance. He is a former administrator of the Social Security System.

Carmelito R. Zapanta, 68, Filipino, has been an independent director of the Company since 2008. For the past (5) years, he has done consultancy work for mining, petroleum, and real estate development companies, and was previously connected with various stock brokerage companies. He graduated from the University of the Philippines with a degree in business.

Candidate for Independent Director with Directorship in Reporting Companies

Renato C. Valencia	Metropolitan Bank & Trust Co. Roxas Holdings, Inc. Anglo Philippine Holdings Corporation
Carmelito Zapanta	NONE

C. Family Relationship

The candidate for election as independent director of the Company is NOT related by consanguinity or affinity with any other member of the Company's Board of Directors.

Involvement in Certain Legal Proceeding

The Company is not aware of: (1) any bankruptcy petition filed by or against any business of which an independent director, person nominated to become and independent director of the Company was a

general partner or executive officer either at the time of the bankruptcy or within two (2) years prior that time; (2) any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses of any independent director, person nominated to become an independent director; (3) any other, judgment or decree, not subsequently reversed, suspended or vacated, or any court or competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement in any type of business, securities, commodities or banking activities an independent director, person nominated to become an independent director or the Company; and, (4) judgment against an independent director, person nominated to become an independent director found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine Securities and exchange Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

There had been NO transaction during the last two years, nor is any transaction presently proposed, to which the Company was or is to be a party in which any independent director of the Company, or nominee for election as an independent director, or any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing persons had or is to have a direct or indirect material interest. In the ordinary and regular course of business, the Company had or may have transactions with other companies in which some of the foregoing persons may have an interest.

Security Ownership of Candidates for Independent Directors

The candidates for independent director own the following number of voting shares as of October 31, 2014.

Type	Name of Beneficial Owner	Amount/Nature Of Beneficial Ownership		Citizenship	Percent of Ownership
		Direct	Indirect		
Common	Renato C. Valencia	0	100	Filipino	0.000%
Common	Carmelito Zapanta	0	20,000	Filipino	0.001%

Voting Trust Holders of 5% or more

The candidates for election as independent directors do not hold more than 5% of any class of the Company's securities under voting trust or similar agreement.

Changes in Control

The election of independent director will not result in a change in control of the Company.

All the Company's independent directors were elected in the 2013 Annual Stockholders' Meeting held on May 29, 2013 and have since served in such capacity.



Republic of the Philippines
Professional Regulation Commission
Manila

September 29, 2014

IRIS MARIE U. CARPIO-DUQUE

Assistant Corporate Secretary
Vulcan Industrial and Mining Corporation
7th Floor, Quad Alpha Centrum Building,
125 Pioneer Street,
Mandaluyong City

Dear Assistant Corporate Secretary Carpio-Duque:

With reference to your request for certification and/or clarification on the propriety of the continued affiliation of Hon. Francisco A. Navarro with Vulcan Industrial and Mining Corporation (Vulcan, for brevity), please be advised as follows:

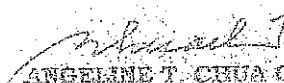
Republic Act No. 6713, otherwise known as the Code of Conduct and Ethical Standards for Public Officials and Employees, in relation to the Revised Civil Service Rules and O. P. Memorandum Circular No. 1986-17, prohibits government officials and employees from having financial and material interest, management/control or employment in any private enterprise under the regulation of their public office to avoid conflict of interest. Hon. Navarro is a Member of the Professional Regulatory Board of Geology and at the same time, a Director of Vulcan, a publicly listed corporation engaged in oil and mineral exploration and development. Based on your corporate profile, it is most likely that Vulcan is subject to the regulatory powers of the Board of Geology. It is our opinion though that any potential conflict of interest, on the part of Hon. Navarro, can be averted by his non-participation in any action or decision of the Board in which Vulcan is or may be involved.

In fine, the Commission is of the view that the continued affiliation of Hon. Navarro with Vulcan will pose no conflict of interest as to impair or undermine the discharge of his duties as Member of the Professional Regulatory Board of Geology. Hon. Navarro shall, nevertheless, be required to submit to the Commission a statement of full disclosure of his interest in Vulcan and an undertaking that his time so devoted therein will not affect the efficient discharge of his public duties.

Please be advised however that this opinion and clarification is purely advisory in nature.

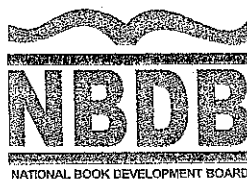
Thank you very much.

Very truly yours,


ANGELINE T. CHUA CHIRACO
Commissioner

Copy Furnished:
Professional Regulatory Board of Geology

COMM/AD/PROSEC
ATOC/ERN/LTS



1 August 2014

Ms. IRIS MARIE U. CARPIO-DUQUE
Corporate Secretary
United Paragon Mining Corporation
5th Floor, Quad Alpha Centrum Bldg,
125 Pioneer Street, Mandaluyong City, Philippines

Dear Madam:

In response to your letter dated July 18, 2014 regarding a request for consent to certify the involvement of Mr. Alfredo Ramos with the National Book Development Board, our office would like to inform you that Mr. Ramos is a member of the governing board as a representative of booksellers in the book industry. As such, we do not perceive any conflict concerning his function as Chairman and President of the United Paragon Mining Corporation and Vulcan Industrial & Mining Corporation with his responsibilities as a governor of the NBDB.

The NBDB was created by the State to "promote the continuing development of the book publishing industry, with the active participation of the private sector, to ensure an adequate supply of affordable, quality-produced books not only for the domestic but also for the export market" [RA8047]. Please see attached the powers and functions of the member of the Governing Board as they are outlined in The Book Publishing Industry Development Act.

For your information.

Sincerely,


FLOR MARIE STA. ROMANA-CRUZ
Chairman

cc: Records

Att: Sec. 8, RA 4087, Powers and Functions of the Governing Board

SECTION 8. Powers and Functions. The Governing Board shall have the following powers and functions:

- a. assume responsibility for carrying out and implementing the policies, purposes and objectives provided for in this Act;
- b. formulate plans and programs as well as operational policies and guidelines for undertaking activities relative to promoting book development, production and distribution as well as an incentive scheme for individual authors and writers;
- c. formulate policies, guidelines and mechanisms to ensure that editors, compilers and especially authors are paid justly and promptly royalties due them for reproduction of their works in any form and number and for whatever purpose;
- d. conduct or contract research on the book publishing industry, including monitoring; compiling and providing data and information on book production;
- e. provide a forum for interaction among private publishers, and, for the purpose, establish and maintain liaison with all segments of the book publishing industry;
- f. ask the appropriate government authority to ensure effective implementation of the National Book Development Plan;
- g. promulgate rules and regulations for the implementation of this Act in consultation with other agencies concerned, except for Section 9 hereof on incentives for book development, which shall be the concern of appropriate agencies involved;
- h. approve with the concurrence of the Department of Budget and Management (DBM), the annual and supplemental budgets submitted to it by the Executive Director;
- i. own, lease, mortgage, encumber or otherwise real and personal property for the attainment of its purposes and objectives;
- j. enter into any obligation or contract essential to the proper administration of its affairs, the conduct of its operations or the accomplishments for its purposes and objectives;
- k. receive donations, grants, legacies, devices and similar acquisitions which shall form a trust fund of the Board to accomplish its development plans on book publishing;

l. import books or raw materials used in book publishing which are exempt from all taxes, customs duties and other charges in behalf of persons and enterprises engaged in book publishing and its related activities duly registered with the Board;

m. promulgate rules and regulation governing the manner in which the general affairs of the board are to be exercised and amend, repeal, and modify such rules and regulations whenever necessary;

n. recommend to the President of the Philippines nominees for the positions of the Executive Officer and Deputy Executive Officer of the Board;

o. adopt rules and procedures and fix the time and place for holding meetings; provided, that at least one (1) regular meeting shall be held monthly;

p. conduct studies, seminars, workshops, lectures, conferences, exhibits and other related activities on book development such as indigenous authorship, intellectual property rights, use of alternative materials for printing, distribution and others; and

q. exercise such other powers and perform such other duties as may be required by law.

VULCAN INDUSTRIAL & MINING CORPORATION
7TH Floor Quad Apha Centrum, 125 Pioneer, Mandaluyong City
Tel (632) 631-8078; Fax (632) 631-3880

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO ALL VIMC STOCKHOLDERS:

The Annual Stockholders' Meeting of Vulcan Industrial & Mining Corporation will be held on Friday, December 05, 2014, at 10:30 o'clock in the morning at The Legend Villas, Pioneer Street, Mandaluyong City, with the following agenda:


1. Call to Order
2. Proof of Notice and Certification of Quorum
3. Approval of the Previous Minutes of the Annual Stockholders' Meeting
4. Approval of the 2013 Annual Report and Audited Financial Statements
5. Approval of Acts/Resolutions of the Board of Directors and Management from May 29, 2013 to December 05, 2014
6. Approval of the change in principal address of the Corporation from "Mandaluyong, Metro Manila" to "Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City, Philippines"
7. Election of Board of Directors
8. Appointment of SGV & Co. as Independent External Auditor for 2014
9. Other Matters
10. Adjournment

For purposes of the meeting, stockholders of record as of November 05, 2014 are entitled to Notice of the meeting and to vote thereat. Registration for the said meeting begins at 9:30 a.m. For convenience in registering your attendance, please have available some form of identification, such as a driver's license, voter's ID, TIN card, SSS card or passport.

If you will not be able to attend the meeting but would like to be represented thereat, you may submit your proxy form, duly signed and accomplished, to the Office of the Assistant Corporate Secretary at 5th Floor, Quad Apha Centrum, 125 Pioneer, Mandaluyong City, on or before 5:00 p.m. on November 25, 2014. Beneficial owners whose shares are lodged with PDTC or registered under the name of a broker, bank or other fiduciary allowed by law must, in addition to the required I.D., present a notarized certification from the owner of record (i.e. the broker, bank or other fiduciary) that he is the beneficial owner, indicating thereon the number of shares. Corporate shareholders shall likewise be required to present a notarized secretary's certificate attesting to the authority of its representative to attend and vote at the stockholders' meeting.

Validation of proxies will take place on November 28, 2014 at the Corporation's principal office above-written.

Mandaluyong City, Philippines, October 17, 2014.


ROBERTO V. SAN JOSE
Corporate Secretary

PROXY

Solicited in Behalf of Vulcan Industrial & Mining Corporation

The undersigned hereby appoints the Chairman, **MR. ALFREDO C. RAMOS** or the Chairman of the Meeting, with full power of substitution and delegation, as proxy to vote all the shares of the undersigned at the 2014 Annual Stockholders' Meeting of Vulcan Industrial & Mining Corporation to be held on **December 05, 2014**, 10:30 a.m. at The Legend Villas Hotel, Pioneer Street, Mandaluyong City.

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 previous minutes of the Annual Stockholders' Meeting			
Approval of Annual Report and Audited Financial Statements for 2013			
Approval of Acts/Resolutions of the Board of Directors & Management (from May 29, 2013 to December 05, 2014)			
Approval of the change in principal address of the Corporation from "Mandaluyong, Metro Manila" to "Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City, Philippines"			
Election of Board of Directors			
Appointment of SGV & Co. as Independent External Auditor for 2014			
Other Matters	According to proxy's discretion		

Election of Directors:

☐

FOR ALL THE FOLLOWING:

☐

WITHHOLD AUTHORITY FOR THE FOLLOWING:

(To withhold authority to vote for any individual nominee, write down the name(s) of the nominee(s) on the space provided below.)

Alfredo C. Ramos	
Presentacion S. Ramos	
Adrian S. Ramos	
Christopher M. Gotanco	
Francisco A. Navarro	
Roberto V. San Jose	
Ana Maria Margarita A. Katigbak	
Adrian S. Arias	
Iris Marie U. Carpio-Duque	
Renato C. Valencia*	
Carmelito R. Zapanta*	

*Independent Director

Signature Over Printed Name

Date

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

(Reverse for Instructions)

SOLICITATION INFORMATION

Item 1. Solicitor. The enclosed proxy is solicited in behalf of the VULCAN INDUSTRIAL & MINING CORPORATION (the "Company") for use in voting at the 2014 Annual Meeting of Stockholders to be held 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 November 25, 2014. Validation of proxies will be held at the Company's principal office on November 28, 2014 at 3:00pm. 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 the paragraph below, a proxy given by a stockholder shall be voted by the Chairman of the Board, Mr. Alfredo C. Ramos or the Chairman of the Meeting, 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 to the stockholder will be voted FOR ALL the nominee directors named in the Proxy Form and FOR THE APPROVAL of 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 November 25, 2014; or, (b) by appearing at the Meeting in person and expressing his intention to vote in person.

Item 4. Persons Making the Solicitation. The enclosed proxy is solicited in behalf of the Company for use in voting at the 2014 Annual Meeting of Stockholders to be held on the date, time and place state 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, other than the Company.

Solicitation of proxies will be made 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. The Company estimates proxy solicitation expenditures to amount to about P75,000.00

Item 5. Interest of Certain Persons in Matters to be Acted Upon. At any time since the beginning of the last fiscal year, NO director, executive officer, nominee for election as director, or associate of such director, executive officer or nominee for election as director has any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the Meeting, other than election to office, except that Mr. Alfredo C. Ramos and Mrs. Presentacion S. Ramos are directors and stockholders of National Book Store, Inc. and Mr. Adrian S. Ramos is their son.



VULCAN INDUSTRIAL & MINING CORPORATION

7th floor Quad Alpha Centrum Bldg., 125, Pioneer Street, Mandaluyong City, Philippines 1550
Tel No. 631-8078; Fax No. 631-3880, www.vulcanminingandpetroleum.webs.com
Email: vulcanmining@rocketmail.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of Vulcan Industrial and Mining Corporation and Subsidiary is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2013 and 2012, including the additional components attached therein in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements and submits the same to the stockholders.

SyCip, Gorres, Velayo and Company, the independent auditors, appointed by the stockholders for the years ended December 31, 2013 and 2012 has examined the consolidated financial statements of the company in accordance the Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

ALFREDO C. RAMOS
Chairman of the Board/President

CHRISTOPHER M. GOTANCO
Vice Chairman/Director/COO

ADRIAN S. RAMOS
Treasurer

APR 29 2014

SUBSCRIBED AND SWORN to before me this _____ day of April 2014, affiant exhibited to me his Community Tax Certificates, as follows:

Names	CTC No./Gov't Issued ID	Date of Issue	Place of Issue
Alfredo C. Ramos	08276907	01-02-2014	Manila
Christopher M. Gotanco	22769887	01-17-2014	Mandaluyong
Adrian S. Ramos	08276911	01-02-2014	Manila

Doc No. 30
Page No. 3
Book No. 117
Series of 2014.

ATTY. DELFIN R. AGDAGILI JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2014
PTR NO. 2413105 / 2014 MLA.
IBF NO. 943989 / 2014 MLA.
ROLL NO. 24655/TIN NO. 144-519-066
MCLE III 0013521
NOTARY REG. 2013-2015

Vulcan Industrial & Mining Corporation and Subsidiary

Consolidated Financial Statements
December 31, 2013 and 2012

And for Each of the Three Years in the Period Ended December 31, 2013

and

Independent Auditors' Report



SGV
Building a better
working world

A member firm of Ernst & Young Global Limited

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Vulcan Industrial & Mining Corporation

We have audited the accompanying consolidated financial statements of Vulcan Industrial & Mining Corporation and its subsidiary, which comprise the consolidated statements of financial position as at December 31, 2013 and 2012, and the consolidated 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, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Vulcan Industrial & Mining Corporation and its subsidiary as at December 31, 2013 and 2012, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2013 in accordance with Philippine Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the consolidated financial statements which indicates that the Group has a deficit of ₱37.2 million and ₱37.6 million as at December 31, 2013 and 2012, respectively. This condition indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. We also draw attention to Note 1 which indicates that the ability of the Group to realize its deferred exploration costs depends on the success of their exploration activities and future development work in proving the viability of their mining properties that can produce minerals in commercial quantities, and the discovery of oil and gas that can be produced in commercial quantities, which cannot be determined at this stage.

SYCIP GORRES VELAYO & CO.

Maria Veronica Andres R. Pore

Maria Veronica Andres R. Pore

Partner

CPA Certificate No. 90349

SEC Accreditation No. 0662-AR-2 (Group A),

March 26, 2014, valid until March 25, 2017

Tax Identification No. 164-533-282

BIR Accreditation No. 08-001998-71-2012,

April 11, 2012, valid until April 10, 2015

PTR No. 4225202, January 2, 2014, Makati City

April 10, 2014



VULCAN INDUSTRIAL & MINING CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2013	December 31, 2012 (As restated; Note 2)	January 1, 2012 (As restated; Note 2)
ASSETS			
Current Assets			
Cash	₱986,195	₱748,345	₱1,280,097
Receivables (Note 5)	1,174,717	1,513,008	16,945,957
Inventories	—	—	7,660,464
Due from related parties (Note 12)	26,960,909	21,732,860	246,902
Other current assets (Note 6)	54,308	8,000	6,429,788
Total Current Assets	29,176,129	24,002,213	32,563,208
Noncurrent Assets			
Available-for-sale (AFS) investments (Note 7)	9,965,165	14,015,297	154,706,291
Property and equipment (Note 8)	87,863	135,522	42,220,409
Deferred exploration costs (Note 9)	946,003,631	946,003,631	906,059,458
Advances against royalties	—	—	15,121,885
Other noncurrent assets	—	—	1,148,087
Total Noncurrent Assets	956,056,659	960,154,450	1,119,256,130
TOTAL ASSETS	₱985,232,788	₱984,156,663	₱1,151,819,338
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables (Note 10)	₱11,800,474	₱15,769,728	₱61,862,530
Due to related parties (Note 12)	1,601,741	365,546,079	429,005,599
Bank loans	—	—	9,380,975
Subscriptions payable (Note 7)	6,529,858	6,529,858	6,529,858
Retirement benefit obligation (Note 15)	3,223,546	7,270,784	—
Income tax payable	53,607	—	333,027
Total Current Liabilities	23,209,226	395,116,449	507,111,989
Noncurrent Liabilities			
Deposits for future stock subscriptions (Note 12)	363,944,338	—	—
Retirement benefit obligation (Note 15)	—	—	17,906,145
Deferred revenues	—	—	4,062,047
Total Noncurrent Liabilities	363,944,338	—	21,968,192
Total Liabilities	387,153,564	395,116,449	529,080,181
Equity			
Capital stock (Note 11)	600,000,000	600,000,000	600,000,000
Additional paid-in capital (Note 11)	6,543,612	531,737	27,504,207
Net unrealized valuation gains on AFS investments (Note 7)	26,500,960	29,673,093	103,547,118
Actuarial gain (loss) on retirement benefit plan (Note 15)	2,226,460	2,226,460	(2,631,300)
Deficit (Note 1)	(37,191,808)	(37,553,678)	(99,843,470)
	598,079,224	594,877,612	628,576,555
Treasury stock - at cost (Note 11)	—	(5,837,398)	(5,837,398)
Total Equity	598,079,224	589,040,214	622,739,157
TOTAL LIABILITIES AND EQUITY	₱985,232,788	₱984,156,663	₱1,151,819,338

See accompanying Notes to Consolidated Financial Statements.



VULCAN INDUSTRIAL & MINING CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For The Years Ended December 31			
	2013	2012 (As restated; Note 2)	2011 (As restated; Note 2)
REVENUES			
Dividend income (Note 7)	₱180,476	₱267,188	₱7,221,945
GENERAL AND ADMINISTRATIVE EXPENSES (Note 13)	6,357,929	13,193,538	14,671,672
OTHER INCOME (CHARGES) - net			
Gain on sale of AFS investments (Note 7)	2,980,053	82,816,820	82,904,952
Gain on reversal of liabilities	2,680,329	—	2,030,282
Gain on sale of property and equipment (Note 8)	956,430	997,000	—
Gain on sale of a subsidiary (Note 4)	—	12,507,230	—
Loss on assignment of interest (Note 9)	—	—	(62,720,351)
Others - net	(23,882)	(8,807)	(313,501)
	6,592,930	96,312,243	21,901,382
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX	415,477	83,385,893	14,451,655
PROVISION FOR CURRENT INCOME TAX (Note 16)	53,607	—	40,606
INCOME FROM CONTINUING OPERATIONS AFTER TAX	361,870	83,385,893	14,411,049
LOSS FROM DISCONTINUED OPERATIONS AFTER TAX (Note 4)	—	(24,163,642)	(3,801,471)
NET INCOME	361,870	59,222,251	10,609,578
OTHER COMPREHENSIVE LOSS			
<i>Other comprehensive loss to be reclassified to profit or loss in subsequent periods:</i>			
Net unrealized losses on AFS investments (Note 7)	(3,172,133)	(73,874,025)	(51,604,043)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement gain (loss) on retirement benefit plan (Note 15)	—	7,533,707	(2,631,300)
TOTAL OTHER COMPREHENSIVE LOSS	(3,172,133)	(66,340,318)	(54,235,343)
TOTAL COMPREHENSIVE LOSS	(₱2,810,263)	(₱7,118,067)	(₱43,625,765)
BASIC AND DILUTED EARNINGS (LOSSES) PER SHARE (Note 17)	₱0.0006	₱0.1000	₱0.0179
Continuing operations	0.0006	0.1408	0.0243
Discontinued operations	—	(0.0408)	(0.0064)

See accompanying Notes to Consolidated Financial Statements.



VULCAN INDUSTRIAL & MINING CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 and 2011

	Capital Stock (Note 11)	Additional Paid-in Capital	Net Unrealized Valuation Loss on AFS Investments (Note 7)	Actuarial Gain (Loss) on Retirement Benefit Plan (Note 15)	Deficit (Note 1)	Treasury Stock	Total
Balances at January 1, 2013, as previously reported	₱600,000,000	₱531,737	₱29,673,093	₱—	(₱35,327,218)	(₱5,837,398)	₱589,040,214
Effect of adoption of revised Philippine Accounting Standards (PAS) 19 (Note 2)	—	—	—	2,226,460	(2,226,460)	—	—
Balances at January 1, 2013, as restated	600,000,000	531,737	29,673,093	2,226,460	(37,553,678)	(5,837,398)	589,040,214
Net income	—	—	—	—	361,870	—	361,870
Other comprehensive loss	—	—	(3,172,133)	—	—	—	(3,172,133)
Total comprehensive loss	—	—	(3,172,133)	—	361,870	—	(2,810,263)
Sale of treasury stock (Note 11)	—	6,011,875	—	—	—	5,837,398	11,849,273
Balances at December 31, 2013	₱600,000,000	₱6,543,612	₱26,500,960	₱2,226,460	(₱37,191,808)	₱—	₱598,079,224
Balances at January 1, 2012, as previously reported	₱600,000,000	₱27,504,207	₱103,547,118	₱—	(₱94,139,309)	(₱5,837,398)	₱631,074,618
Effect of adoption of revised PAS 19 (Note 2)	—	—	—	(2,631,300)	(5,704,161)	—	(8,335,461)
Balances at January 1, 2012, as restated	600,000,000	27,504,207	103,547,118	(2,631,300)	(99,843,470)	(5,837,398)	622,739,157
Net income, as restated	—	—	—	—	59,222,251	—	59,222,251
Other comprehensive gain (loss), as restated	—	—	(73,874,025)	7,533,707	—	—	(66,340,318)
Total comprehensive loss, as restated	—	—	(73,874,025)	7,533,707	59,222,251	—	(7,118,067)
Deconsolidation of discontinued operations (Note 4)	—	(26,972,470)	—	(2,675,947)	3,067,541	—	(26,580,876)
Balances at December 31, 2012, as restated	₱600,000,000	₱531,737	₱29,673,093	₱2,226,460	(₱37,553,678)	(₱5,837,398)	₱589,040,214
Balances at January 1, 2011, as previously reported	₱600,000,000	₱27,504,207	₱155,151,161	₱—	(₱104,298,397)	(₱5,837,398)	₱672,519,573
Effect of adoption of revised PAS 19 (Note 2)	—	—	—	—	(6,154,651)	—	(6,154,651)
Balances at January 1, 2011, as restated	600,000,000	27,504,207	155,151,161	—	(110,453,048)	(5,837,398)	666,364,922
Net income, as restated	—	—	—	—	10,609,578	—	10,609,578
Other comprehensive loss, as restated	—	—	(51,604,043)	(2,631,300)	—	—	(54,235,343)
Total comprehensive loss, as restated	—	—	(51,604,043)	(2,631,300)	10,609,578	—	(43,625,765)
Balances at December 31, 2011, as restated	₱600,000,000	₱27,504,207	₱103,547,118	(₱2,631,300)	(₱99,843,470)	(₱5,837,398)	₱622,739,157

See accompanying Notes to Consolidated Financial Statements.



VULCAN INDUSTRIAL & MINING CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

For The Years Ended December 31			
		2012	2011
		(As restated; Note 2)	(As restated; Note 2)
	2013		
CASH FLOWS FROM OPERATING ACTIVITIES			
Income from continuing operations before income tax	₱415,477	₱83,385,893	₱14,451,655
Loss from discontinued operations before income tax (Note 4)	–	(23,790,035)	(3,262,913)
	415,477	59,595,858	11,188,742
Adjustments for:			
Depletion, depreciation and amortization (Note 8)	4,089	3,876,681	3,967,041
Gain on sale of AFS investments (Note 7)	(2,980,053)	(82,816,820)	(82,904,952)
Gain on reversal of liabilities	(2,680,329)	–	(2,030,282)
Gain on disposal of property and equipment (Note 8)	(956,430)	(997,000)	–
Dividend income (Note 7)	(180,476)	(267,188)	(7,221,945)
Interest income (Note 4)	(1,338)	(79,302)	(51,569)
Provision for impairment losses (Notes 4 and 13)	–	12,714,812	646,808
Write-off of input value-added tax (VAT; Note 4)	–	4,252,004	–
Interest expense (Note 4)	–	882,584	1,590,601
Accretion expense on decommissioning liability (Note 4)	–	403,274	–
Gain on assignment of interest in a subsidiary (Note 4)	–	(12,507,230)	–
Unrealized foreign exchange loss (gain)	–	(558,000)	468,526
Loss on assignment of interest (Note 9)	–	–	62,720,351
Operating losses before working capital changes	(6,379,060)	(15,500,327)	(11,626,679)
Decrease (increase) in:			
Receivables	330,471	5,077,325	(1,862,990)
Inventories	–	(781,984)	(1,137,406)
Other current assets	(46,308)	381,278	(1,149,746)
Increase (decrease) in:			
Trade and other payables	(1,288,925)	(2,476,380)	9,381,945
Deferred revenues	–	1,370,869	–
Retirement benefit obligation	(4,047,238)	2,672,000	1,814,061
Net cash used in operations	(11,431,060)	(9,257,219)	(4,580,815)
Interest received	1,338	79,302	51,569
Interest paid	–	(882,584)	(1,590,601)
Income taxes paid	–	(621,701)	(355,168)
Net cash flows used in operating activities	(11,429,722)	(10,682,202)	(6,475,015)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of AFS investments (Notes 7 and 19)	3,858,052	9,421,514	234,156,503
Proceeds from sale of property and equipment	1,000,000	1,000,000	–
Dividends received	188,296	389,087	7,092,225
Increase in deferred exploration costs	–	(68,261,672)	(260,059,124)
Acquisitions of property and equipment	–	(3,944,711)	(1,540,428)
Cash disposed of - discontinued operations	–	(278,416)	–
Increase in other noncurrent assets	–	(49,774)	(5,003)
Proceeds from assignment of interest	–	–	10,000,000
Net cash flows from (used in) investing activities	5,046,348	(61,723,972)	(10,355,827)

(Forward)



For The Years Ended December 31			
	2013	2012 (As restated; Note 2)	2011 (As restated; Note 2)
CASH FLOWS FROM FINANCING ACTIVITIES			
Sale of treasury stock (Note 11)	₱11,849,273	₱—	₱—
Changes in accounts with related parties (Notes 12 and 19)	(5,228,049)	78,137,866	67,384,412
Payment of bank loans	—	(6,263,444)	(54,375,666)
Net cash flows from financing activities	6,621,224	71,874,422	13,008,746
NET INCREASE (DECREASE) IN CASH	237,850	(531,752)	(3,822,096)
CASH AT BEGINNING OF YEAR	748,345	1,280,097	5,102,193
CASH AT END OF YEAR (Note 4)	₱986,195	₱748,345	₱1,280,097

See accompanying Notes to Consolidated Financial Statements.



VULCAN INDUSTRIAL & MINING CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

a. Corporate Information and Status of Operations

Corporate Information

Vulcan Industrial & Mining Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on January 13, 1953 under the name “Vulcan Manufacturing Corporation” and was listed in the Philippine Stock Exchange (PSE) on August 31, 1970. On June 15, 1977, the Company amended its articles of incorporation and changed its name to “Vulcan Industrial & Mining Corporation”. The Company’s corporate life was extended for another 50 years on January 13, 2003.

The Company is involved in finding, developing and producing oil and gas reserves and other mineral properties. The Company is a participant in several Service Contracts (SCs), Mineral Production Sharing Agreements (MPSAs) and Geophysical Survey and Exploration Contracts (GSECs) entered with the Philippine Government, through the Department of Energy (DOE).

In the Company’s annual meeting held on May 29, 2013, the following matters, among others, were approved by the Board of Directors (BOD) and stockholders:

1. The change in corporate name from “Vulcan Industrial & Mining Corporation” to “National Book Store Retail Corporation” or such other name acceptable to the SEC as the BOD may determine;
2. The change in the Company’s Primary Purpose from “mining and oil exploration” to retail and relegation of mining and oil exploration as secondary purposes;
3. The inclusion of the following additional secondary purposes: wholesale, publishing, printing, manufacturing, distribution, contracting, and all other activities necessary or incidental to the Company’s new primary purpose of retail;
4. Increase in the Company’s authorized capital stock from ₱600,000,000 to ₱4,000,000,000 divided into 4,000,000,000 shares at a par value of ₱1.00 per share; and
5. The sale and transfer of mining and oil exploration assets and delegation to the BOD of the authority to approve final price, terms and conditions of such transactions.

As of December 31, 2013, the Company has not yet filed an application with the Philippine SEC for the amendment of the articles of incorporation for the abovementioned resolutions.

Vulcan Materials Corporation (VMC; the Subsidiary)

VMC, a wholly owned subsidiary of the Company (collectively referred to as “the Group”), was registered with the Philippine SEC on September 12, 1991 and is involved in mining exploration and sale of aggregates. Effective December 18, 2012, VMC was deconsolidated in the financial statements after the Company assigned its 100% interest to Anglo Philippine Holdings Corporation (APHC), for a consideration of ₱1.2 million (see Note 4).

The registered business address of the Company is Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong while the registered business address of VMC is Sitio Tabak, San Rafael, Rodriguez, Rizal.

Status of Operations

The Company has a number of mineral properties that are in various stages of exploration and has participation in several petroleum projects in the Philippines. The ability of the Company to realize its deferred exploration costs depends on the success of its exploration activities and future



development work in proving the viability of its mining properties that can produce minerals in commercial quantities and the discovery of oil and gas that can be produced in commercial quantities, which cannot be determined at this stage (see Note 9).

As of December 31, 2013 and 2012, the Company has incurred cumulative losses from operations resulting in a deficit amounting to ₱37.2 million and ₱37.6 million, respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. However, Management is confident that with the continuing financial support of related parties, the going concern issue will be resolved favorably. As such, the consolidated financial statements are presented on a going concern basis.

On January 18, 2013, the BOD approved the retirement of all its employees under its former policies as a result of the Company's change of management (see Note 15).

The consolidated financial statements as of December 31, 2013 and 2012 and for each of the three years in the period ended December 31, 2013 were authorized for issue by the BOD on April 10, 2014.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for AFS investments, which are carried at fair value. The consolidated financial statements are presented in Philippine peso (₱), which is the Company's functional currency.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Company presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the consolidated financial statements. An additional consolidated statement of financial position as at January 1, 2012 is presented in the consolidated financial statements due to retrospective application of revised PAS 19, *Employee Benefits*.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its Subsidiary.

A subsidiary is fully consolidated from the date of acquisition, being the date on which control is transferred to the Company and continues to be consolidated until the date that such control ceases. When the Company loses its control of the Subsidiary, the consolidated financial statements include the results for the part of the reporting year during which the Company has control.

The financial statements of the Subsidiary are prepared for the same reporting year as the Company. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intercompany balances and transactions, including intercompany profits and losses, are eliminated.



The consolidated financial statements include the accounts of the Company and Vulcan Material Corporation, a company registered with the Philippine SEC and is involve in mining exploration and sale of aggregates. The Company's percentage of effective ownership in VMC is nil as of December 31, 2013 and 2012 and 100% as of December 31, 2011.

Discontinued Operations

Discontinued operations represent component of the Group that has either been disposed of or is classified as held for sale. Income and expenses of discontinued operations are presented as a single amount in the consolidated statement of comprehensive income, separate from the continuing operations, comprising the total of the income after tax and after tax gain or loss recognized in the measurement of the fair values less costs to sell or on the disposal of the assets or disposal group constituting the discontinued operation.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new, amended and revised standards and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC). Except for the adoption of revised PAS 19 and amendment to PAS 1, the following new, amended and revised standards did not have any significant impact on the consolidated financial statements:

PAS 1, Presentation of Financial Statements (Amendments) - Presentation of Items of Other Comprehensive Income (OCI)

The amendments to PAS 1 introduced a grouping of items presented in OCI. Items that will be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments affect presentation only and have no impact on the Group's financial position or performance. The amendments were applied retrospectively and resulted to the modification of the presentation of items of OCI.

PAS 19, Employee Benefits (Revised)

On January 1, 2013, the Group adopted the revised PAS 19, *Employee Benefits*.

For defined benefit plans, the revised PAS 19 requires all actuarial gains and losses to be recognized in OCI and unvested past service costs previously recognized over the average vesting period to be recognized immediately in profit or loss when incurred.

Prior to adoption of the revised PAS 19, the Group recognized actuarial gains and losses as income or expense when the net cumulative unrecognized gains and losses for each individual plan at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets and recognized unvested past service costs as an expense on a straight-line basis over the average vesting period until the benefits become vested. Upon adoption of the revised PAS 19, the Group changed its accounting policy to recognize all actuarial gains and losses in OCI in the period they occur.

The revised PAS 19 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net statement of financial position retirement benefit obligation or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.

The revised PAS 19 also amended the definition of short-term employee benefits and requires employee benefits to be classified as short-term based on expected timing of settlement rather than the employee's entitlement to the benefits. In addition, the revised PAS 19 modifies the timing of



recognition for termination benefits. The modification requires the termination benefits to be recognized at the earlier of when the offer cannot be withdrawn or when the related restructuring costs are recognized.

In line with the changes to the definition of short-term employee benefits, the Company reclassified its retirement benefit obligation as short-term employee benefits and accordingly, transferred the obligation as part of its current liabilities under the statement of financial position as of December 31, 2012.

The changes in accounting policies have been applied retrospectively. The effects of adoption on the consolidated financial statements are as follows:

	As of December 31, 2012	As of December 31, 2011	As of January 1, 2011
Increase (decrease) in:			
<u>Consolidated statements of financial position</u>			
Retirement benefit obligation	₱–	₱8,335,461	₱6,154,651
Actuarial gain (loss) on retirement benefit plan	2,226,460	(2,631,300)	–
Deficit*	2,226,460	5,704,161	6,154,651

* Effect of the deconsolidation of VMC resulted to a decrease of ₱3,067,541 in deficit.

	For the Years Ended December 31	
	2012	2011
Increase (decrease) in:		
<u>Consolidated statements of comprehensive income</u>		
General and administrative expenses	(₱410,160)	(₱187,300)
Income from continuing operations after tax	410,160	187,300
Income from discontinued operations after tax	–	263,190
Net income	410,160	450,490
Other comprehensive income	2,226,460	(2,631,300)
Total comprehensive income	₱2,636,620	(₱2,180,810)

The adoption did not have a significant impact on the consolidated statements of cash flows.

PAS 27, *Separate Financial Statements* (as revised in 2011)

As a consequence of the issuance of the new PFRS 10, *Consolidated Financial Statements*, and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements.

PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011)

As a consequence of the issuance of the new PFRS 11, *Joint Arrangements*, and PFRS 12, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates.

PFRS 1, *First-time Adoption of International Financial Reporting Standards - Government Loans* (Amendments)

The amendments to PFRS 1 require first-time adopters to apply the requirements of PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, prospectively to government loans existing at the date of transition to PFRS. However, entities may choose to apply the requirements of PAS 39 and PAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for those loans.



PFRS 7, Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments)

These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32, *Financial Instruments*:

Presentation. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format, unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

- a) The gross amounts of those recognized financial assets and recognized financial liabilities;
- b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
- c) The net amounts presented in the statement of financial position;
- d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
 - i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
 - ii. Amounts related to financial collateral (including cash collateral); and
- e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

PFRS 10, Consolidated Financial Statements

PFRS 10 replaced the portion of PAS 27, that addressed the accounting for consolidated financial statements. It also included the issues raised in SIC 12, *Consolidation - Special Purpose Entities*. PFRS 10 established a single control model that applied to all entities including special purpose entities. The changes introduced by PFRS 10 require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27.

PFRS 11, Joint Arrangements

PFRS 11 replaced PAS 31, *Interests in Joint Ventures*, and SIC 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. PFRS 11 removed the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method.

PFRS 12, Disclosure of Interests in Other Entities

PFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in PFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries (for example, where a subsidiary is controlled with less than a majority of voting rights).

PFRS 13, Fair Value Measurement

PFRS 13 establishes a single source of guidance under PFRSs for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS. PFRS 13 defines fair value as an exit price. PFRS 13 also requires additional disclosures.

As a result of the guidance of PFRS 13, the Group re-assessed its policies for measuring fair values for disclosure purposes. The Group has assessed that the application of PFRS 13 has not materially impacted its fair value measurements.



Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*
This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity.

Annual Improvements to PFRSs (2009-2011 cycle)

The Annual Improvements to PFRSs (2009-2011 cycle) contain non-urgent but necessary amendments to PFRSs. The Company adopted these amendments for the current year.

PFRS 1, First-time Adoption of PFRS - Borrowing Costs

The amendment clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, *Borrowing Costs*.

PAS 1, Presentation of Financial Statements - Clarification of the Requirements for Comparative Information

These amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at January 1, 2012. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

PAS 16, Property, Plant and Equipment - Classification of Servicing Equipment

The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise.

PAS 32, Financial Instruments: Presentation - Tax Effect of Distribution to Holders of Equity Instruments

The amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, *Income Taxes*.

PAS 34, Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The amendment clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entity's previous annual financial statements for that reportable segment.

Financial Instruments

Financial instruments are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments. The Group determines the



classification of its financial instruments on initial recognition and, where allowed and appropriate, re-evaluates this designation at each reporting date.

All regular way purchases and sales of financial instruments are recognized on the settlement date. Regular way purchases or sales are purchases or sales of financial instruments that require delivery of instruments within the period generally established by regulation or convention in the marketplace.

Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). Except for financial instruments at fair value through profit or loss (FVPL), the initial measurement of all financial instruments includes transaction costs. Financial assets under PAS 39 are categorized as either financial assets at FVPL, loans and receivables, held to maturity (HTM) investments or AFS investments. Also under PAS 39, financial liabilities are categorized as FVPL or other financial liabilities.

The Group's financial assets are of the nature of loans and receivables and AFS investments. As of December 31, 2013 and 2012, the Group has no outstanding financial assets at FVPL and HTM investments. The Group's financial liabilities are of the nature of other financial liabilities. As of December 31, 2013 and 2012, the Group has no outstanding financial liabilities at FVPL.

Loans and Receivables

Loans and receivables are nonderivative financial assets with fixed or determinable payments 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 classified as financial assets held for trading, designated as AFS investments or financial assets at FVPL. This accounting policy applies primarily to the consolidated statement of financial position captions "Cash", "Receivables", and "Due from related parties".

Loans and receivables are recognized initially at fair value, which normally pertains to the billable amount. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment losses. 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. The amortization, if any, is included in "Interest income" account in profit or loss. The losses arising from impairment of loans and receivables are recognized in profit or loss. The level of allowance for impairment losses is evaluated by management on the basis of factors that affect the collectibility of accounts.

Loans and receivables are classified as current assets when these are expected to be realized within twelve months after the reporting date or within the normal operating cycle, whichever is longer. Otherwise, these are classified as noncurrent assets.

AFS Investments

AFS investments are nonderivative financial assets that are either designated as AFS or are not classified at FVPL, HTM investments or loans and receivables after initial recognition. They are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. After initial measurement, AFS investments are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS investments are reported as "Net unrealized valuation gain on AFS investments" in the equity section of the consolidated statement of financial position and as part of OCI in the statement of comprehensive income. They are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. These financial assets are classified as noncurrent assets unless there is intention to dispose such assets within twelve months from the reporting date.



The fair value of instruments that are actively traded in organized financial markets is determined by reference to quoted market prices at the close of the business at reporting date. For financial instruments where there is no active market, fair value is determined using market acceptable valuation techniques such as discounted cash flow analysis and option pricing models.

AFS investments whose fair values cannot be reliably established are carried at cost. This normally applies to equity investments that are unquoted and whose cash flows cannot be forecasted reasonably.

When the AFS financial investment is disposed of, the cumulative gains or losses previously recognized in equity is recognized as part of profit or losses in the consolidated statement of comprehensive income. This accounting policy applies primarily to the Group's "AFS investments". This includes the Group's proprietary membership shares and investments in shares of stock listed in the PSE.

Other Financial Liabilities

Issued financial instruments or their components, which are not designated at FVPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial liabilities that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

This accounting policy applies primarily to the Group's "Trade and other payables", "Due to related parties", "Bank loans" and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable).

Other financial liabilities are classified as current liabilities when these are expected to be settled within twelve months from the reporting date or the Group does not have an unconditional right to defer settlement for at least twelve months from the reporting date. Otherwise, these are classified as noncurrent liabilities.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

1. In the principal market for the asset or liability, or
2. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.



A fair value measurement of nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of not observable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is not observable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The Group's AFS investments as of December 31, 2013 and 2012, respectively, are measured at fair value on a recurring basis and are classified as level 1 of the fair value hierarchy. The Group has no financial assets and liabilities under levels 2 and 3 of the fair value hierarchy as of December 31, 2013 and 2012.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if:

1. there is a currently enforceable legal right to offset the recognized amounts; and
2. there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of Financial Assets

Financial Assets Carried at Amortized Cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on financial assets carried at amortized cost (e.g., receivables) has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective rate. Objective evidences of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Time value is generally not considered when the effect of



discounting is not material. The carrying amount of the asset shall be reduced either directly or through use of an allowance account. In case the receivable has proven to have no realistic prospect of future recovery, any allowance provided for such receivable is written off against the carrying value of the impaired receivable. The amount of the loss shall be recognized in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial asset with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

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 by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in profit or loss to the extent that the carrying value of the asset at the reversal date does not exceed its amortized cost that would have been determined had no impairment loss been recognized in the prior years. If a write-off is later recovered, the recovery is recognized in profit or loss.

AFS Investments

The Group assesses at each reporting date whether there is objective evidence that an AFS investment is impaired. In the case of an AFS investment, this would include a significant or prolonged decline in the fair value of the investment below its cost.

If an AFS investment is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from OCI to expense in profit or loss. Reversals in respect to equity instruments classified as AFS investments are recognized as part of OCI in the consolidated statement of comprehensive income.

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

Derecognition of Financial Instruments

Financial Assets

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

1. the rights to receive cash flows from the asset have expired;
2. the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement;
or
3. the Group 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 the control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a “pass-through” arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Finished goods and work in process	- determined using the moving average method; cost includes direct labor and a proportion of manufacturing overhead based on actual production but excluding borrowing cost
Spare parts and other supplies	- purchase cost on a moving average basis

NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. In the case of spare parts and other supplies, NRV is the value of inventories when sold at their condition at the end of the reporting period. In determining NRV, the Group considers any adjustment for obsolescence.

Other Current Assets

Other current assets consist of advances to suppliers, supplies inventories and input VAT.

Advances to Suppliers

Advances to suppliers represent payments made in relation to the operational agreements entered into by the Group. These are carried at cost and will generally be applied as services are provided.

Input VAT

Input VAT represents tax imposed to the Group by its suppliers for the acquisition of goods and services as required by Philippine taxation laws and regulations. Input VAT is recognized as part of current assets and will be used to offset the Group’s current output VAT liabilities.

Prepaid Expenses

Prepaid expenses are carried at cost and are amortized on a straight-line basis over the term of the prepayment.

Property and Equipment

Property and equipment, except for land, is stated at cost less accumulated depletion, depreciation and amortization and any impairment in value. Land is stated at cost less any impairment in value.



The initial cost of property and equipment consists of its purchase price, including import duties, nonrefundable taxes, and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, are normally charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets (except for quarry development costs). Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The estimated useful lives of property and equipment are as follows:

	Number of Years
Machinery and equipment	10-15
Transportation equipment	3-5
Furniture, fixtures and office equipment	2-5

Quarry development costs are amortized on a unit of production (UOP) basis over the economically recoverable reserves of the quarry concerned. The unit of account for aggregates is cubic meter in loose volume (LCM).

The estimated fair value attributable to the mineral reserves and the portion of mineral resources considered to be probable of economic extraction at the time of the acquisition is amortized on a UOP basis whereby the denominator is the proven and probable reserves and the portion of resources expected to be extracted economically. The estimated fair value of the mineral resources that are not considered to be probable of economic extraction at the time of the acquisition is not subject to amortization, until the resource becomes probable of economic extraction in the future and is recognized in "Deferred exploration costs" account in the consolidated statement of financial position.

The estimated recoverable reserves, useful lives and depletion, depreciation and amortization methods are reviewed periodically to ensure that the estimated recoverable reserves, residual values, periods and methods of depletion, depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

When property and equipment are retired or otherwise disposed of, their cost, accumulated depletion, depreciation and amortization and any allowance for impairment in value are eliminated from the accounts and any gain or loss resulting from their disposal is included in profit or loss.

Fully depreciated property and equipment are retained in the accounts until these are no longer in use.

Deferred Exploration Costs

Deferred exploration costs include costs incurred after the Group has obtained legal rights to explore in a specific area, including the determination of the technical feasibility and commercial viability of extracting mineral resources. Deferred exploration costs include, among others, acquisition of rights to explore, topographical and geophysical studies, exploratory drilling, trenching, sampling and activities in relation to evaluating the technical feasibility and commercial



viability of extracting mineral resources. All exploration costs and related expenses are carried as deferred exploration costs, net of impairment losses, if any.

If and when recoverable reserves are determined to be present in commercially producible quantities, the deferred exploration expenditures and subsequent mine development costs shall be capitalized as part of property and equipment and amortized using the unit of production method based on estimated recoverable reserves upon the start of commercial operations; otherwise, these costs shall be written off.

Advances Against Royalties

Advances against royalties represent cash advances made to owners of investment properties in areas where the Group's exploration activities are held. These advances are deductible from future royalty obligations of the Group and will be due and demandable for refund in case exploration activities in the related area are unsuccessful.

If and when recoverable reserves are determined to be present in commercially producible quantities, the deferred exploration expenditures and subsequent mine development costs shall be capitalized as part of property and equipment and amortized using the unit of production method based on estimated recoverable reserves upon the start of commercial operations; otherwise, these costs shall be written off.

Impairment of Nonfinancial Assets

Advances to Suppliers, Input VAT, Advances against Royalties, Property and Equipment, Other Noncurrent Assets and Deferred Exploration Costs

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the asset or cash-generating units are written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's 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 less the costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. 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 are recognized in profit or loss.

Recovery of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recorded in profit or loss. However, the increased carrying amount of an asset due to a recovery of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depletion, depreciation and amortization) had no impairment loss been recognized for that asset in prior years.

A valuation allowance is provided for unrecoverable deferred exploration costs based on the Group's assessment of the future prospects of the exploration project.

Subscriptions Payable

Subscriptions payable pertains to subscription of shares of stock relating to AFS investments which remains outstanding as of the end of the reporting period.

Deposits for Future Stock Subscriptions

Deposits for future stock subscriptions generally represent funds received by the Group, which it records as such with the view to applying the same as payment for future additional issuance of shares or increase in capital stock.



The Group classifies a contract to deliver its own equity instruments under equity as a “Deposit for Future Stock Subscription” from liabilities if and only if, all of the following elements are present as of the reporting period:

- a. the unissued authorized capital stock of the Group is insufficient to cover the amount of shares indicated in the contract;
- b. there is BOD’s approval on the proposed increase in authorized capital stock;
- c. there is stockholders’ approval of said proposed increase; and
- d. the application for the approval of the proposed increase has been filed with the SEC.

There must be a subscription agreement which, among other things, states that the Group is not contractually obliged to return the consideration received and that the Group is obliged to deliver a fixed number of its own shares of stock for a fixed amount of cash or property paid or to be paid by the contracting party.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are made by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of any reimbursement.

Income Taxes

Current Income Tax

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

Deferred income tax

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

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

The carrying amount of deferred income 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 income tax assets to be utilized. Unrecognized deferred income 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 income tax assets to be recovered.



Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period 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.

Capital Stock and Additional Paid-in Capital

The Group has issued capital stock that is classified as equity. Incremental costs directly attributable to the issue of new capital stock, if any, are shown in equity as a deduction, net of tax, from the proceeds. Additional paid-in capital represents the excess of the stockholders' total contribution over the par value of shares.

Treasury Stock

Own equity instruments which are reacquired are deducted from equity and accounted for at cost. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Deficit

Deficit includes accumulated profits and losses attributable to the Group's equity holders. Deficit may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Dividend Income

Dividend income is recognized when the right to receive the payment is established which is usually at the date of declaration.

Interest Income

Interest income is recognized as it accrues using the effective interest rate method.

Other Income

Other income is recognized when earned.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Costs and expenses are generally recognized when the services are used or the expenses arise.

General and Administrative Expenses

General and administrative expenses are incurred in the direction and general administration of day-to-day operations of the Group. General and administrative expenses are generally recognized when the services are used or the expenses arise.

Deferred Revenues

Deferred revenues are initially recognized at the fair value of the consideration received for the performance of services still to be rendered and therefore, deferred. These are recognized as revenues in the consolidated statement of comprehensive income once the services have been rendered.



Retirement Benefits

The defined benefit obligation is the aggregate of the present value of the defined benefit obligation at the end of the reporting period. The cost of providing benefits under the defined benefit plan is actuarially determined by an independent qualified actuary using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Interest expense on the defined benefit obligation
- Remeasurements of defined benefit obligation

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment occurs.

Interest expense on the defined benefit obligation is the change during the period in the defined benefit obligation that arises from the passage of time which is determined by applying the discount rate based on government bonds to the defined benefit obligation. Interest expense on the defined benefit obligation is recognized as expense in profit or loss.

Remeasurements comprising actuarial gains and losses (excluding interest expense on defined benefit obligation) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign Currency Transactions

Transactions in foreign currencies are recorded using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated using the closing exchange rate at the reporting date. Foreign exchange differences between the rates at transaction date and settlement date or reporting date are recognized in profit or loss.

Operating Leases

Operating leases represent those leases under which substantially all risks and rewards of ownership of the leased assets remain with the lessors. Lease payments received or paid under operating lease are recognized as an income or expense in profit or loss on a straight-line basis over the lease term.

Basic/Diluted Earnings (Losses) Per Share

Basic earnings (losses) per share (EPS) is computed by dividing net income attributable to equity holders of the Group for the year by the weighted average number of common stocks outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Group currently does not have potential dilutive common stock.

Segment Reporting

An operating segment is a component of an entity that: (a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to



transactions with other components of the same entity); (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available. The Group has two reportable segments and are presented in Note 20 to the consolidated financial statements.

Contingencies

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

Events After the Reporting Date

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

Amendments to Existing Standards and New Interpretations Effective Subsequent to December 31, 2013

The Group will adopt the standards and interpretations enumerated below when these become effective. The Group does not expect the adoption of these amended standards and new Philippine Interpretations from IFRIC to have significant impact on the consolidated financial statements.

Effective in 2014

Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

PAS 32 (Amendments), *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

PAS 36 (Amendments), *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*

These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units for which impairment loss has been recognized or reversed during the period.

PAS 39 (Amendments), *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

Philippine Interpretation IFRIC 21, *Levies*

Philippine Interpretation IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should



be anticipated before the specified minimum threshold is reached.

Effective in 2015

PAS 19 (Amendments), *Employee Benefits - Defined Benefit Plans: Employee Contributions*

The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans.

No Mandatory Effective Date

PFRS 9, *Financial Instruments*

PFRS 9, as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities and hedge accounting, respectively. Work on the second phase, which relate to impairment of financial instruments, and the limited amendments to the classification and measurement model is still ongoing, with a view to replace PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other OCI or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For liabilities designated as at FVPL using the fair value option, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward to PFRS 9, including the embedded derivative bifurcation rules and the criteria for using the FVO.

On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items, but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

Deferred Effectivity

Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*

This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Philippine SEC and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.



Improvements to PFRSs

The Annual Improvements to PFRSs contain non-urgent but necessary amendments to PFRSs. These improvements will be adopted by the Group starting January 1, 2015.

2010-2012 Cycle

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
- PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables*
- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*
- PAS 24, *Related Party Disclosures - Key Management Personnel*
- PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*

2011-2013 Cycle

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Meaning of "Effective PFRSs"*
- PFRS 3, *Business Combinations - Scope Exceptions for Joint Ventures*
- PFRS 13, *Fair Value Measurement - Portfolio Exception*
- PAS 40, *Investment Property*

3. Significant Accounting Judgments and Estimates

The consolidated financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. The judgments and estimates used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

Determining Functional Currency

The functional currency of the Group has been determined to be the Philippine peso. It is the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity.

Operating Lease Commitments - The Group as a Lessee

The Group has entered into commercial property leases on its head-office building. The Group has determined that all the significant risks and rewards of ownership of the property remain with the lessor. Accordingly, the lease is accounted for as an operating lease.

Estimates

Estimating Impairment of Loans and Receivables

The Group assesses at each reporting date whether there is any objective evidence that loans and receivables are impaired. To determine whether there is objective evidence of impairment, the



Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on age and status of the receivable, as well as on historical loss experience. Allowance for impairment losses on loans and receivables is provided when management believes that the balance cannot be collected or realized after exhausting all efforts and courses of action.

Provision for impairment losses on receivables amounted to nil, ₱0.1 million and ₱0.6 million in 2013, 2012 and 2011, respectively. Allowance for impairment losses on receivables amounted to ₱3.9 million as of December 31, 2013 and 2012. The aggregate carrying values of cash, receivables and due from related parties amounted to ₱29.1 million and ₱24.0 million as of December 31, 2013 and 2012, respectively (see Notes 5 and 12).

Estimating Impairment of AFS Investments

The Company treats quoted AFS investments as impaired where there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment. The Company treats “significant” generally as 20% or more and “prolonged” when greater than six months. In addition, the Company evaluates other factors, including normal volatility in share prices for quoted equities.

An impairment loss arises with respect to unquoted AFS investments when there is objective evidence of impairment, which involves 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.

No impairment loss was recognized in 2013 and 2012. Allowance for impairment losses amounted to ₱34.4 million as of December 31, 2013 and 2012. AFS investments are carried at ₱10.0 million and ₱14.0 million as of December 31, 2013 and 2012, respectively (see Note 7).

Estimating Impairment of Nonfinancial Assets (Excluding Deferred Exploration Costs)

The Group assesses impairment on nonfinancial assets (excluding deferred exploration costs) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The estimated recoverable amount is the higher of an asset’s 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 assets in an arm’s length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the



end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. For impairment loss on specific assets, the recoverable amount represents the fair value less costs to sell.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that can materially affect the consolidated financial statements.

Provision for impairment losses on advances to suppliers amounted to ₱0.5 million in 2012. No provision for impairment losses on advances to suppliers were recognized in 2013 and 2011. Allowance for impairment losses on advances to suppliers amounted to ₱0.7 million as of December 31, 2013 and 2012. The aggregate carrying values of advances to suppliers, input VAT and property and equipment amounted to ₱0.1 million as of December 31, 2013 and 2012 (see Notes 6 and 8).

Estimating Useful Lives of Property and Equipment

The Group estimates the useful lives of property and equipment, except for quarry development costs, based on the period over which assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. The aggregate net book values of property and equipment, excluding land, amounted to ₱0.1 million as of December 31, 2013 and 2012 (see Notes 8).

Estimating Recoverability of Deferred Exploration Costs

The Group assesses impairment on deferred exploration cost when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Reserves*, are as follows:

- The period for which the Group has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The Group reviews the carrying values of its mineral property interests whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. Until the Group has sufficient data to determine technical feasibility and commercial viability, deferred exploration costs need not be assessed for probable losses.



No impairment loss was recognized in 2013, 2012 and 2011. Allowance for impairment loss on deferred exploration costs amounted to ₱4.2 million as of December 31, 2013 and 2012. Deferred exploration costs as of December 31, 2013 and 2012 amounted to ₱946.0 million (see Note 9).

Estimating Realizability of Deferred Income Tax Assets

The Group reviews the carrying amounts of deferred income tax assets at each reporting date and reduces the amounts to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized in the future.

No deferred income tax assets were recognized for deductible temporary differences, carryforward of unused NOLCO and unused tax credits from excess MCIT amounting to ₱132.1 million and ₱138.3 million as of December 31, 2013 and 2012, respectively (see Note 16).

Estimating Retirement Benefits

The cost of retirement benefit plans and present value of the defined benefit obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future retirement benefit increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Retirement benefit expense amounted to nil, ₱1.6 million and ₱0.6 million in 2013, 2012 and 2011, respectively. Retirement benefit expenses attributable to discontinued operations amounted to nil, ₱0.9 million and ₱1.2 million in 2013, 2012 and 2011, respectively. Remeasurements recognized in OCI amounted to a gain of ₱7.5 million and loss ₱2.6 million for the years ended December 31, 2012 and 2011, respectively. Retirement benefit obligation amounted to ₱3.2 million and ₱7.3 million as of December 31, 2013 and 2012, respectively (see Note 15).

4. Discontinued Operations

On December 18, 2012, the Company assigned its 100% interest in VMC to APHC for a consideration of ₱1.2 million.

On the basis of the foregoing, the results of the operations of VMC until the date of disposal have been presented in the consolidated statements of comprehensive income as “Loss from discontinued operations after tax”. All assets and liabilities of VMC, previously part of the consolidation, are derecognized at their carrying amounts on December 19, 2012.

The net assets of VMC as of December 18, 2012 were derecognized upon its full assignment to APHC and resulted to a gain on sale recognized in the consolidated statement of comprehensive income amounting to ₱12.5 million.



The results of operations of VMC for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Sales	₱66,210,473	₱107,849,114
Costs of sales	53,940,603	84,569,314
Gross profit	12,269,870	23,279,800
General and administrative expenses	(21,004,259)	(12,887,081)
Selling expenses	(17,707,447)	(16,298,119)
Interest expense	(882,584)	(1,277,100)
Other income - net	3,534,385	3,919,587
Loss from discontinued operations before income tax	23,790,035	3,262,913
Provision for current income tax	373,607	538,558
Loss from discontinued operations after income tax	₱24,163,642	₱3,801,471

The net cash flows attributable to VMC for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Cash flows from (used in):		
Operating activities	₱7,988,668	₱5,659,995
Investing activities	(2,163,275)	(4,906,857)
Financing activities	(6,263,444)	(4,375,666)
Net decrease in cash	(₱438,051)	(₱3,622,528)

5. Receivables

	2013	2012
Unimpaired	₱1,174,717	₱1,513,008
Impaired	3,948,300	3,948,300
	5,123,017	5,461,308
Less allowance for impairment losses	3,948,300	3,948,300
	₱1,174,717	₱1,513,008

Receivables consist of dividends receivable, advances to officers and employees, maternity and sickness benefits of officers and employees, among others.

Movements in the allowance for impairment losses on receivables are as follows:

	2013	2012
Balances at beginning of the year	₱3,948,300	₱16,109,250
Provision (see Note 13)	–	100,000
Deconsolidation of discontinued operation (see Note 4)	–	(12,260,950)
Balances at end of the year	₱3,948,300	₱3,948,300

On December 18, 2012, following the divestment of the Company's interest in VMC, the carrying amounts of receivables of VMC were deconsolidated (see Note 4).



6. Other Current Assets

	2013	2012
Advances to suppliers	₱745,829	₱745,829
Input VAT	46,308	–
	792,137	745,829
Less allowance for impairment losses	737,829	737,829
	₱54,308	₱8,000

Provision for impairment losses on advances to suppliers amounted to ₱0.5 million in 2012. In 2012, the Company wrote-off input VAT amounting to ₱2.8 million (see Note 13).

Movements in the allowance for impairment losses on other current assets are as follows:

	2013	2012
Balances at beginning of the year	₱737,829	₱238,829
Provision (see Note 13)	–	499,000
Balances at end of the year	₱737,829	₱737,829

On December 18, 2012, following the divestment of the Company's interest in VMC, the other current assets of VMC were deconsolidated (see Note 4).

7. AFS Investments

	2013	2012
Investments in quoted shares of stock of:		
The Philodrill Corporation (Philodrill)	₱4,621,057	₱9,049,177
Other quoted equity investments	5,269,823	4,891,835
	9,890,880	13,941,012
Investments in unquoted shares of stock of:		
Sipalay Mining, net of allowance for impairment losses amounting to ₱3.1 million as of December 31, 2013 and 2012	–	–
Other unquoted equity investments, net of allowance for impairment losses amounting to ₱31.3 million as of December 31, 2013 and 2012	74,285	74,285
	74,285	74,285
	₱9,965,165	₱14,015,297

The changes in fair value of AFS investments are recognized in "Net unrealized valuation gain on AFS investments", a separate component of equity in the consolidated statement of financial position.



Movements in the net unrealized valuation gains on AFS investments are as follows:

	2013	2012
Balances at beginning of year	₱29,673,093	₱103,547,118
Changes:		
Increase (decrease) in fair value of AFS investments during the year	(192,080)	8,942,795
Realized valuation gain transferred to profit or loss	(2,980,053)	(82,816,820)
Balances at end of year	₱26,500,960	₱29,673,093

Quoted shares consist of equity securities that are traded at the PSE. The fair values of these listed shares are based on their bid market price as of the last trading day of the year (see Note 18).

Unquoted equity securities include unlisted shares of stock in various mining companies which are carried at cost less allowance for impairment losses. The fair value of these AFS investments cannot be reliably determined as these investments have no available bid price.

In 2013, the Company sold 100.0 million quoted shares of Philodrill, with acquisition cost of ₱0.9 million, for total consideration of ₱3.9 million, resulting to gain on sale amounting to ₱3.0 million.

In 2012, the Company sold 6.4 billion and 28.9 million shares of United Paragon Mining Corporation (UPMC) and Philodrill under “Other quoted equity investments”, respectively, with acquisition cost of ₱63.9 million and ₱0.3 million, respectively, for total consideration of ₱147.0 million, resulting to gain on sale amounting to ₱82.8 million.

In 2011, the Company sold 16.2 billion and 10.3 million shares of Philodrill and APHC, respectively, with original acquisition cost of ₱142.1 million and ₱9.2 million, respectively, for total consideration of ₱234.2 million, resulting to gain on sale amounting to ₱82.9 million. The Company received cash dividends from Philodrill amounting to ₱0.2 million, ₱0.3 million and ₱6.7 million in 2013, 2012 and 2011 respectively, while dividends received from APHC amounted to ₱0.5 million in 2011.

Outstanding subscriptions payable relates to the acquisition of Philippine Realty Corporation shares included under “Other quoted equity investments” amounting to ₱6.5 million as of December 31, 2013 and 2012.



8. Property and Equipment

2013

	Land	Furniture, Fixtures and Office Equipment	Total
Cost:			
Balances at beginning of year	₱130,714	₱444,432	₱575,146
Disposals	(43,570)	—	(43,570)
Balances at end of year	87,144	444,432	531,576
Accumulated Depreciation:			
Balances at beginning of year	—	439,624	439,624
Depreciation (see Note 13)	—	4,089	4,089
Balances at end of year	—	443,713	443,713
Net Book Values	₱87,144	₱719	₱87,863

2012

	Land	Quarry Development Costs	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Office Equipment	Total
Cost:						
Balances at end of year	₱133,714	₱77,956,308	₱55,072,757	₱2,016,072	₱1,916,458	₱137,095,309
Additions	—	17,374,539	30,804	51,240	11,321	17,467,904
Disposals	(3,000)	—	—	—	—	(3,000)
Discontinued operations (see Note 4)	—	(95,330,847)	(55,103,561)	(2,067,312)	(1,483,347)	(153,985,067)
Balances at end of year	130,714	—	—	—	444,432	575,146
Accumulated depletion, depreciation and amortization						
Balances at beginning of year	—	40,535,617	51,836,799	1,155,386	1,347,098	94,874,900
Depletion, depreciation and amortization (see Notes 4 and 13)	—	1,840,600	1,338,068	402,034	295,979	3,876,681
Discontinued operations (see Note 4)	—	(42,376,217)	(53,174,867)	(1,557,420)	(1,203,453)	(98,311,957)
Balances at end of year	—	—	—	—	439,624	439,624
Net Book Values	₱130,714	₱—	₱—	₱—	₱4,808	₱135,522

In 2013 and 2012, the Company sold parcels of land for a gain of ₱1.0 million and ₱1.0 million, respectively.

On December 18, 2012, following the divestment of the Company's interest in VMC, the property and equipment of VMC were deconsolidated (see Note 4).

9. Deferred Exploration Costs

Deferred exploration costs attributable to the Company are as follows:

	2013	2012
Petroleum projects	₱872,146,374	₱872,146,374
Mineral exploration projects	78,048,939	78,048,939
	950,195,313	950,195,313
Less allowance for impairment losses	4,191,682	4,191,682
	₱946,003,631	₱946,003,631



Petroleum Exploration Projects

The Company is a participant in several SCs and GSECs entered into with the Philippine Government, through the DOE, to conduct exploration, exploitation and development activities in the contract areas designated in the SCs and GSECs. These SCs and GSECs provide for certain minimum work expenditure obligations and the drilling of a specified number of wells and are covered by operating agreements which set forth the participating interests, rights and obligations of the contractors.

a. SC 6 BLOCK A (SC 6A)

SC 6A (Octon) is a significant petroleum exploration project of the Company. In August 2005, Philodrill reported in its Exploration Operation Review for 2005 that Vitol Services Limited (Vitol) expressed their interest to farm-in into the Octon Block. Together with Cape Energy and Team Oil, Vitol are developing the nearby Galoc field and they deemed it prudent to integrate the development of the Octon Field with Galoc.

In October 2006, Vitol reported the completion of their geophysical and geological studies including, among others, the full 3D seismic data interpretation of the Octon structure, static and dynamic reservoir modeling, advanced core studies, and well and facilities for the Octon Field based on a single directional well. The Vitol reservoir models point to a proven area, the North Octon, and an area of additional potential (South Octon). Based on the results of the core studies, the Octon-3 area could also have an upside potential. All the areas examined are also believed to contain significant volumes of gas. From their studies and models, Vitol had identified different commercial options for the Octon Field, all of which involve a joint Octon-Galoc development.

In November 2006, Vitol submitted a revised farm-in proposal expressing their desire to continue to optimize Octon development options, and in tandem, to re-focus on exploration of other areas outside of the Octon area and come up with a drilling prospect within a year's time. As of 2006, the Octon consortium was still evaluating the merits of the revised Vitol farm-in proposal.

In March 2007, the farm-in agreement was signed by all the partners of the consortium and subsequently submitted the same to DOE for approval. Furthermore, during the second quarter of 2007, the consortium drafted a new Joint Operating Agreement (JOA) which will replace the old SC6A JOA and a side agreement or Carried Interest Agreement. In September 2007, the DOE approved the farm-in proposal from Vitol.

In a meeting held in Singapore last November 2007 to update the consortium on the ongoing geophysical and geological studies, Vitol focused on two main areas, the Barselisa and the Octon area. In the north, Barselisa was the only prospect (Barselisa Prospect) that they felt warranted further additional work. The shallow prospects on the Malajon-Saddle Rock trend were downgraded because of trapping and seal risks.

In the southern Octon area, Vitol identified a series of small culminations in the vicinity of Octon which could add value in case of a development. The prospectivity of the southern closure of the Octon structure was also upgraded by the seismic evaluation. A potential for a stratigraphic play pinching out against Gintu High was also identified.

Vitol has asked Philodrill to retrieve the original processed 3D data from Western Geco in order to facilitate the upgrading of the two areas prior to the end of the evaluation period in March 2008.



Upon receipt of the full seismic data set from Geco-Prakla, Vitol Galoc Production Corporation Investments (Vitol GPC) embarked on an in-depth evaluation of the Octon-Galoc area and the northern sector of the block, particularly the Barselisa Propsect. These evaluation studies comprise the activity for Study Phase 3 of the Farm-in Agreement. Study Phase 1 generally was database generation while Study Phase 2 involved seismic evaluation and generation/validation of prospects and leads. Vitol GPC completed its 3-phase review in September 2008. They concluded that there is limited potential in the block outside of Octon North while the other identified major areas are considered high risk. Computed reserves figure for Octon makes it a marginal but developable field. As such, Vitol GPC's envisaged future programs for Octon are geared towards development of the field being tied back to the Galoc Field.

In October 2008, Vitol GPC issued the Project Execution Plan for Octon development and together with its work program and budget. Part of the plan is Vitol GPC's commitment to carry out a significant work program for 2010/2010 consisting of pre-sanction activities, which are basically planning strategies leading to full development of the Octon Field in conjunction with the anticipated Phase 2 of Galoc Development.

Long before the expiration of the initial 25-year term of SC 6A, as well as SC 6B, on February 28, 2009, Philodrill formally submitted the extension request to the DOE. On June 2009, the DOE approved the extension of the production term of SC 6A and SC 6 for fifteen (15) years in a series of three 5 year terms, subject to compliance with certain conditions such as yearly submission of work program and budget and payment of technical assistance and training fund. The term extension is deemed from March 1, 2009.

b. Other Petroleum Projects

In 2005, the Company made a provision for probable losses on the deferred exploration and development costs related to GSEC 75 amounting to ₱4.2 million. The Company has not permanently abandoned the other petroleum projects, nor has it withdrawn from the consortiums relating to the contracted areas for these GSECs. Definite plans for further exploration and development are currently being undertaken.

On May 23, 2011, the Company assigned its undivided participating interests in Octon and SC 6 BLOCK A projects with total carrying amount of ₱72.7 million for the following considerations:

- a. ₱10.0 million upon the execution of the deed of assignment; and
- b. In the event of commercial discovery be declared in either or both of the foregoing service contract areas, one-time payment of \$0.5 million per contract area payable within sixty (60) days from the date of the declaration of commercial discovery.

The assignment resulted to a loss amounting to ₱62.7 million due to the derecognition of the carrying amount of the participating interests as the Company irrevocably transferred to Philodrill, the assignee, all its interests and obligations in the service contracts in 2011. With regards to the future payment of \$0.5 million, the Company shall recognize this only when the commercial discovery occurred or when it become virtually probable that a commercial discovery will come to existence and that the payment shall be received by the Company.



Mineral Projects

The Company also has a number of mineral properties that are in various stages of exploration.

a. Marian Project

The Marian Copper and Gold Project covers adjoining areas of Barangay Buaya, Municipality of Diadi, Province of Nueva Viscaya and Barangays San Luis, Caquilingan, Anonang, Dallao, Villa Meimban, Quimaldero, Municipality of Cordon, Province of Isabela. The area encompasses 6,325 hectares denominated in APSA No. 000021-II.

The Company signed a Memorandum of Agreement with Minercon International Inc. on August, 2008 for gold characterization test on the compounded mill tailings of Marian Gold Mine from its previous 250 TPD Gold Cyanidation Plant. Collected tailings materials was tested by Bruce Method and the procedure identified which of the gold is free, exposed but attached, locked in carbonates, locked in sulfides and other oxides and locked up in insolubles.

b. Isabela Dimakawal Copper-Gold Project

The project is located in the Municipality of Dinapigue, Isabela Province. It has an area of 2,389.50 hectares and is covered by EP-II-00012.

The project has mineralization (pyrite-chalcopryrite-sphalerite disseminations and clusters associated with white to gray quartz) occurring as breccias matrix on highly silicified to chloritized fine basalt volcanic.

c. Negros Copper Projects

The Negros Manlupo Copper Project in Barangay Damutan, Hinoba-an, Negros Occidental has an area of 477 hectares covered by MPSA No. 092-97-VI granted on November 20, 1997. The Negros Luz Copper Project located in Barangay Manlucahoc, Sitalay City, Negros Occidental has an area of 806.57 hectares and is covered by MPSA No. 113-98-VI granted on May 6, 1998.

Six drill holes were planned at the Manlupo Copper Project to delineate and increase the quantity and quality of mineral resources but the program was temporarily suspended due to the peace and order situation in the area.

Meanwhile, in Luz Copper Project additional four (4) drill holes are being planned to confirm the presence of copper ore at greater depth. One (1) hole will be driven beside and deepen through F-13 to assure the expected extension of the presently delineated orebody.

d. Leyte Pinut-an Gold Project

The Leyte Pinut-an Gold Project is located in the Municipalities of San Ricardo and Pintuyan, Panaon Island, Southern Leyte. It is covered by EP-2005-00004 granted on March 9, 2005 and renewed on November 11, 2010 with an area of 1,645.98 hectares; and EXPA-004-VIII with a total area of 1,969 hectares.

The type of mineralization in the area is epithermal gold mineralization in typical quartz vein developed in a system of quartz-stock work confined to the eastern side of Panaon Island. The occurrence of gold mineralization is recognized in five localities within the area: Pinut-an



Main Vein System, Pinut-an South Vein System, Caingin Point Vein System, Esperanza Prospect and Bituon Prospect.

e. Davao Gold Project

The Davao Gold Project is located in Barangays Tubli, Limot, Tubaon and Libuac, Municipalities of Tarragona and Manay, Davao Oriental. It is covered by APSA 000194-XI with an area of 270 hectares. Mineralization in the area appears to be associated with the emplacement of a diorite intrusive along fault plays of the Mindanao extension on the Philippine fault zone.

f. Zambales Gabbro Project

The Zambales Gabbro Project is located in Barangay Cawag, Municipality of Subic, Zambales which is covered by APSA No. 000035 III and filed on May 4, 1992. An initial study based on surface and drill core data showed at least four (4) types of gabbro varieties suitable for dimension stones delineated in three prospective quarry sites and they are black fine gabbro, green fine gabbro, green medium gabbro and green coarse gabbro.

g. Palawan Granite Project

The Palawan Granite Project is located in the Municipalities of San Vicente and Taytay, Palawan. It has an area of 1,995 hectares and is covered by EPA-IVB-25B filed on November 7, 2007. The project contains granite mineral resource deposit that can be a source of dimension stones for the construction industry.

Certain loans were specifically obtained to finance the exploration activities of the Company. Capitalized interest on loans from related parties amounted to nil, ₱68.6 million and ₱205.2 million in 2013, 2012 and 2011, respectively (see Note 12).

The recovery of these deferred exploration costs incurred in connection with the Company's participation in the acquisition and exploration of petroleum concessions and mineral exploration activities depends upon the discovery of oil and gas that can be produced in commercial quantities from the respective petroleum concessions or the success of exploration activities and future development of the corresponding mining properties.

On December 18, 2012, following the divestment of the Company's interest in VMC, the deferred exploration costs of VMC were deconsolidated (see Note 4).

10. Trade and Other Payables

	2013	2012
Accrued expenses	₱7,426,997	₱8,559,856
Statutory liabilities	658,690	3,295,085
Others	3,714,787	3,914,787
	₱11,800,474	₱15,769,728



Accrued expenses pertain to accruals made for expenses incurred for salaries, rentals, production and other operating expenses.

Others pertain to amounts due to non-affiliated entities, among others.

11. Capital Stock

Details of the Company's capital stock as of December 31, 2013 and 2012 are as follows:

	2013		2012	
	Number of shares	Amount	Number of shares	Amount
Common Stock				
Authorized and issued - ₱1 par value	600,000,000	₱600,000,000	600,000,000	₱600,000,000
Treasury stocks	—	—	7,728,261	5,837,398
Outstanding	600,000,000	600,000,000	592,271,739	594,162,602

The Company listed with the PSE its common stock on June 16, 1995. As of December 31, 2013, 2012 and 2011, the Company has total number of 1,952, 1,973 and 2,010 investors/subscribers, respectively.

In 2013, the Company sold its treasury stocks for a total consideration of ₱11.8 million, resulting to an additional paid-in capital of of ₱6.0 million.

Increase in Authorized Capital Stock

In May 29, 2013, the BOD and stockholders approved a resolution to increase its authorized capital stock from ₱600,000,000 divided into 600,000 shares to ₱4,000,000,000 divided into 4,000,000,000 shares at a par value of ₱1.00 per share.

As of December 31, 2013, the Company has not yet filed its application for the increase in capital stock with the Philippine SEC.

12. Related Party Disclosures

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.

Details of due from/to related parties, which are to be settled in cash, are as follows:

Due from related parties			Transactions During the Year	Outstanding Balance	Terms	Conditions
Related party under common control:						
VMC* (see Note 4)	(a)	2013	₱11,849,273	₱25,735,817	Due and demandable; noninterest-bearing	Unsecured; Unimpaired
		2012	₱1,010,053	₱20,507,768		
APHC		2013	—	685,919	Due and demandable; noninterest-bearing	Unsecured; Unimpaired
		2012	685,919	685,919		
UPMC		2013	—	539,173	Due and demandable; noninterest-bearing	Unsecured; Unimpaired
		2012	292,271	539,173		
		2013		₱26,960,909		
		2012		₱21,732,860		

*VMC is a subsidiary up to December 17, 2012.



Due to related parties			Transactions During the Year	Outstanding Balance	Terms	Conditions
Related party under common control:						
Alakor	(b)	2013	₱138,222,852	₱-	Due and demandable;	Unsecured
		2012	₱39,271,023	₱138,222,852	interest-bearing	
National Bookstore, Inc. (NBS)	(b)	2013	502,167,190	-	Due and demandable;	Unsecured
		2012	161,330,987	225,721,486	interest-bearing	
Palawan Granite Corporation		2013	-	709,241	Due and demandable;	Unsecured
		2012	-	709,241	noninterest-bearing	
San Jose		2013	-	892,500	Due and demandable;	Unsecured
		2012	-	892,500	noninterest-bearing	
		2013		₱1,601,741		
		2012		₱365,546,079		

- a. In 2013 and 2012, the Company granted noninterest-bearing cash advances to VMC to support its working capital requirements.
- b. In May 2013, Alakor assigned all of its advances to the Company to NBS. Subsequently, the Company entered into an agreement with NBS where the latter shall subscribe for the Company's stocks through conversion of the advances from NBS. Accordingly, the advances from NBS amounting to ₱363.9 million were reclassified to "Deposits for future stock subscriptions" account in the noncurrent liabilities section of the consolidated statement of financial position.

In 2011, the Company issued promissory notes to Alakor and NBS amounting to ₱116.4 million and ₱264.8 million, respectively, for the outstanding balance of the advances. The promissory notes executed are subject to 24%.

These promissory notes were specifically obtained to finance the exploration activities of the Company and its subsidiary. Interest expense related to loans from related parties capitalized as part of deferred exploration costs amounted to nil, ₱68.6 million and ₱205.2 million in 2013, 2012 and 2011, respectively.

- c. Compensation of key management personnel of the Group representing short-term employee benefits and retirement benefits amounted to nil, ₱1.2 million and ₱2.8 million in 2013, 2012 and 2011, respectively.

13. General and Administrative Expenses

	2013	2012 (As restated; Note 2)	2011 (As restated; Note 2)
Outside services	₱2,993,663	₱1,505,470	₱6,470,296
Taxes and licenses	1,142,253	23,194	20,399
Personnel costs (see Note 14)	731,316	4,261,996	2,825,024
Donations	469,761	-	-
Transportation and travel	374,569	702,347	970,532
Communication, light and water	341,675	1,336,693	1,821,070
Office supplies	50,306	153,490	214,309
(Forward)			



	2013	2012 (As restated; Note 2)	2011 (As restated; Note 2)
Entertainment, amusement and recreation	₱25,506	₱889,907	₱932,459
Fuel and oil lubricants	11,124	–	54,196
Meetings and conferences	7,653	250,000	303,170
Repairs and maintenance	4,650	63,929	121,916
Depreciation and amortization (see Note 8)	4,089	13,295	12,271
Write-off of input VAT (see Note 6)	–	2,801,973	–
Provision for impairment losses (see Notes 5 and 6)	–	599,000	–
Insurance	–	236,680	311,097
Others	201,364	355,564	614,933
	₱6,357,929	₱13,193,538	₱14,671,672

Others mainly consist of membership dues and subscriptions and stationery and printing fees.

14. Personnel Costs

	2013	2012 (As restated; Note 2)	2011 (As restated; Note 2)
Salaries, wages and other benefits	₱731,316	₱2,673,737	₱2,228,524
Retirement benefits cost (see Note 15)	–	1,588,259	596,500
	₱731,316	₱4,261,996	₱2,825,024

15. Retirement Benefits

On January 18, 2013, the BOD approved the approved the retirement of all its employees under its former policies as a result of the Company's change of management (see Note 1).

Prior to the payment of retirement benefits, the Company has an unfunded defined benefit retirement plan covering all its regular full-time employees. The benefits are computed equivalent to one-half month's salary for every year of service, with six months or more of service considered as one year.

Components of the retirement benefit expense recognized in profit or loss are as follows:

	2013	2012 (As restated; Note 2)	2011 (As restated; Note 2)
Current service cost	₱–	₱1,217,328	₱254,800
Interest cost	–	370,931	341,700
	₱–	₱1,588,259	₱596,500

Retirement benefit expenses attributable to discontinued operations amounted to ₱0.9 million and ₱1.2 million in 2012 and 2011, respectively (see Note 4).



Components of remeasurements of retirement benefit obligation recognized in other comprehensive income are as follows:

	2013	2012 (As restated; Note 2)	2011 (As restated; Note 2)
Actuarial gain (loss) arising from change in financial assumptions	₱—	(₱7,533,707)	₱1,965,500
Experience adjustments	—	—	665,800
	₱—	(₱7,533,707)	₱2,631,300

Movements in the present value of retirement benefit obligation are as follows:

	2013	2012 (As restated; Note 2)
Balance at beginning of year	₱7,270,784	₱17,906,145
Retirement benefit expense in profit or loss	—	2,458,437
Remeasurements in other comprehensive income	—	(7,533,707)
	7,270,784	12,830,875
Benefits paid	(4,047,238)	(178,030)
Effects of deconsolidation (see Note 4)	—	(5,382,061)
Balance at end of year	₱3,223,546	₱7,270,784

In 2013, the Company paid retirement benefit obligation amounting to ₱4.0 million. Outstanding balance of the retirement benefit obligation amounted to ₱3.2 million as of December 31, 2013.

The principal assumptions used to determine the Company's retirement benefit obligation in 2012 are as follows:

Discount rate	4.69%
Salary increase rate	5.00%

There were no actuarial assumptions applied in 2013 as the Company's outstanding retirement benefit obligation is reasonably determined due to the retirement of all its employees under its former policies as a result of the Company's change of management (see Note 1).

16. Income Taxes

The provision for current income tax in 2013 represents MCIT. The Group has no provision for current income tax in 2012 because of its gross loss and net taxable loss position.



The Group did not recognize deferred income tax assets arising from the following as the Group assessed that it is not probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized in the future:

	2013	2012
NOLCO	₱85,471,541	₱87,684,595
Allowance for impairment losses on:		
AFS investments	34,404,673	34,404,673
Deferred exploration costs	4,191,682	4,191,682
Receivables	3,948,300	3,948,300
Other current assets	737,829	737,829
Retirement benefit obligation	3,223,546	7,270,784
MCIT	94,213	40,606
	₱132,071,784	₱138,278,469

As of December 31, 2013, the Company's NOLCO and excess MCIT that can be claimed as deduction from future taxable income and income tax liabilities, respectively, are as follows:

Year Incurred	Year of Expiration	NOLCO	MCIT
2013	2016	₱3,675,976	₱53,607
2012	2015	7,323,205	—
2011	2014	74,472,360	40,606
		₱85,471,541	₱94,213

Movements of NOLCO are as follows:

	2013	2012
Balances at beginning of year	₱87,684,595	₱90,700,148
Additions	3,675,976	15,337,589
Expirations	(5,889,030)	(6,371,166)
Deconsolidation of discontinued operations (see Note 4)	—	(11,981,976)
Balances at end of year	₱85,471,541	₱87,684,595

Movements of MCIT are as follows:

	2013	2012
Balances at beginning of year	₱40,606	₱1,818,687
Additions	53,607	373,607
Expirations	—	(738,174)
Deconsolidation of discontinued operations (see Note 4)	—	(1,413,514)
Balances at end of year	₱94,213	₱40,606



The reconciliation of income tax computed at statutory tax rates to the provision for income tax for the years ended December 31, 2013, 2012 and 2011 follows:

	2013	2012 (As restated)	2011 (As restated)
Income tax at statutory tax rates			
Continuing operations	₱124,643	(₱259,625)	₱4,335,497
Discontinued operations	—	(7,137,011)	(978,874)
	124,643	(7,396,636)	3,356,623
Additions to (reductions in) income taxes resulting from:			
Change in unrecognized deferred income tax asset	1,156,400	31,213,831	23,858,443
Nondeductible expenses	7,652	1,552,387	286,120
Gain on sale of AFS investments subject to final tax	(894,016)	(24,845,046)	(24,871,486)
Gain on sale of property and equipment	(286,929)	(299,100)	—
Dividend income exempted from tax	(54,143)	(80,156)	(2,166,584)
Interest income subjected to final tax	—	(23,791)	(15,471)
Others	—	252,118	131,519
Provision for income tax	₱53,607	₱373,607	₱579,164

Income tax expense follows:

	2013	2012	2011
Continuing operations	₱53,607	₱—	₱40,606
Discontinued operations (see Note 4)	—	373,607	538,558
	₱53,607	₱373,607	₱579,164

17. Basic/Diluted Earnings (Losses) Per Share

Basic/diluted earnings (losses) per share were computed as follows:

	2013	2012 (As restated; Note 2)	2011 (As restated; Note 2)
Net income (loss)	₱361,870	₱59,222,251	₱10,609,578
Continuing operations	361,870	83,385,893	14,411,049
Discontinued operations	—	(24,163,642)	(3,801,471)
Divided by weighted average number of shares during the year (see Note 11)	600,000,000	592,271,739	592,271,739
Basic and diluted earnings per share	₱0.0006	₱0.1000	₱0.0179
Continuing operations	0.0006	0.1408	0.0243
Discontinued operations	—	(0.0408)	(0.0064)



Number of shares issued	600,000,000	600,000,000	600,000,000
Less weighted average number of treasury shares (see Note 11)	–	(7,728,261)	(7,728,261)
Weighted average number of shares issued and outstanding	600,000,000	592,271,739	592,271,739

As at December 31, 2013, 2012 and 2011, the Group has no potential dilutive shares. Therefore, the basic and diluted losses per share are the same as of those dates.

18. Financial Instruments and Financial Risk Management

The Group's financial instruments consist of cash and due from/to related parties. The main purpose of the financial instruments is to fund the Group's operations. The Group has various other financial instruments such as receivables and accrued expenses and other payables which arise directly from its operations.

The BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and manage the Group's exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Group's activities.

The main risks arising from the use of financial instruments are liquidity risk, credit risk and equity price risk. The Group's BOD reviews and approves the policies for managing each of these risks and they are summarized below.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's objectives to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking adverse effect to the Group's credit standing.

The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows.

The financial assets held by the Group for liquidity purposes consist of cash, receivables and due from related parties. All of the Group's financial liabilities are due and demandable. The Company's related parties support the Company's funding requirements as needed.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables and due from related parties. The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. The Group's maximum exposure to credit risk is the carrying amount of its financial assets.



The tables below summarize the aging analysis of the Group's financial assets:

2013

	Neither past due nor impaired	Past due but not impaired				Past due and impaired	Total
		<30 days	30-60 days	61-90 days	91-120 days	Over 120 days	
Cash in banks	₱986,195	₱-	₱-	₱-	₱-	₱-	₱986,195
Receivables	-	-	-	-	-	1,174,717	5,123,017
Due from related parties	-	-	-	-	-	26,960,909	26,960,909
AFS investments							
Quoted equity securities	9,890,880	-	-	-	-	-	9,890,880
Unquoted equity securities	74,285	-	-	-	-	34,404,673	34,478,958
Total	₱10,951,360	₱-	₱-	₱-	₱-	₱28,135,626	₱38,352,973

2012

	Neither past due nor impaired	Past due but not impaired				Past due and impaired	Total
		<30 days	30-60 days	61-90 days	91-120 days	Over 120 days	
Cash in banks	₱703,345	₱-	₱-	₱-	₱-	₱-	₱703,345
Receivables	-	3,253	717	40,918	-	1,468,120	5,461,308
Due from related parties	-	-	-	-	-	21,732,860	21,732,860
AFS investments							
Quoted equity securities	13,941,012	-	-	-	-	-	13,941,012
Unquoted equity securities	74,285	-	-	-	-	34,404,673	34,478,958
Total	₱14,718,642	₱3,253	₱717	₱40,918	₱-	₱23,200,980	₱38,352,973

Equity Price Risk

Equity price risk is a risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stocks. The equity price risk exposure arises from the Group's quoted AFS investments.

The Group's policy is to maintain the risk to an acceptable level. Movement of share price is monitored regularly to determine impact on its financial position.

The effect on equity (as a result of a change in fair value of equity instruments held as AFS investments) due to reasonably possible change in equity indices, with all other variables held constant, are as follows:

		Change in equity price	
		+10%	-10%
Increase (decrease) on other comprehensive income:			
2013		₱989,088	(₱989,088)
2012		1,394,101	(1,394,101)



The impact on the Group's equity already excludes the impact on transactions affecting profit or loss in the consolidated statement of comprehensive income.

Fair Values of Financial Instruments

Cash, Receivables, Due from/to Related Parties and Trade and Other Payables

The carrying amounts of cash, receivables, due from/to related parties and trade and other payables approximate their fair values due to the short-term maturity of these financial instruments.

AFS Investments

AFS investments which are actively traded are measured at fair values with reference to their quoted market price in an active market. AFS investments that are unlisted are carried at cost less allowance for impairment losses since the fair value of these investments cannot be reliably determined as these have no available bid price.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active market for identical assets and liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As of December 31, 2013 and 2012, the Group has quoted AFS investments measured at fair value under level 1 of fair value hierarchy. There were no other financial instruments measured at fair value. In 2013 and 2012, there were no transfers between levels in the fair value hierarchy.

Capital Management

The Group considers the equity presented in the consolidated statement of financial position as its core capital. The primary objective of the Group's capital management is to ensure that the Group has sufficient funds in order to support its business, pay existing obligations and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may obtain additional advances from stockholders or look for strategic and financial investors to invest in its ongoing projects either on a joint venture, farm-in or participation arrangement. No changes were made in the objectives, policies or processes during the years ended December 31, 2013 and 2012.

19. Note to Consolidated Statement of Cash Flows

Noncash investing activity in 2012 pertains to the sale of AFS investments on account with related parties amounting to ₱137.5 million.



20. Segment Information

The Group has two main business segments - mining and oil and gas operations.

Management monitors the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income or loss and is measured consistently with the total comprehensive income in the consolidated financial statements.

The Group's assets are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

The following tables present revenue and profit and certain assets and liability information regarding the Group's business segments.

2013

	Mining	Oil and Gas	Consolidated Total
Net income	₱361,870	₱—	₱361,870
Assets and Liabilities:			
Segment assets	₱103,121,249	₱872,146,374	₱975,267,623
Investments	—	9,965,165	9,965,165
Total assets	₱103,121,249	₱882,111,539	₱985,232,788
Total liabilities	₱38,730,600	₱348,422,964	₱387,153,564

There were no additions to items of property and equipment and/or deferred exploration costs in 2013.

2012

	Mining	Oil and Gas	Consolidated Total
Net income	₱59,222,251	₱—	₱59,222,251
Assets and Liabilities:			
Segment assets	₱97,994,992	₱872,146,374	₱970,141,366
Investments	—	14,015,297	14,015,297
Total assets	₱97,994,992	₱886,161,671	₱984,156,663
Total liabilities	₱39,817,717	₱355,298,732	₱395,116,449

Other Segment Information:

Additions to deferred exploration costs	₱1,520,914	₱68,571,968	₱70,092,882
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There were no additions to items of property and equipment in 2012.



2011

	Mining	Oil and Gas	Eliminations	Consolidated Total
Revenue				
Sales to external customers	₱107,849,114	₱—	₱—	₱107,849,114
Results				
Income before tax, interest expense and interest income	₱12,727,774	₱—	₱—	₱12,727,774
Net interest expense	(1,526,140)	—	—	(1,526,140)
Income before income tax	11,201,634	—	—	11,201,634
Income tax expense	(592,056)	—	—	(592,056)
Net income	₱10,609,578	₱—	₱—	₱10,609,578
Assets and Liabilities:				
Segment assets	₱203,941,142	₱826,024,669	(₱32,852,764)	₱997,113,047
Investments	73,365,388	154,706,291	(73,365,388)	154,706,291
Total assets	₱277,306,530	₱980,730,960	(₱106,218,152)	₱1,151,819,338
Total liabilities	₱95,050,164	₱434,030,017	₱—	₱529,080,181
Other Segment Information:				
Addition to property and equipment	₱1,540,428	₱—	₱—	₱1,540,428
Additions to deferred exploration costs	1,831,149	258,227,975	—	260,059,124



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Vulcan Industrial & Mining Corporation
7th Floor, Quad Alpha Centrum
125 Pioneer St., Mandaluyong

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Vulcan Industrial & Mining Corporation and Subsidiary as at December 31, 2013 and 2012 and for each of the three years in the period ended December 31, 2013, included in this Form 17-A, and have issued our report thereon dated April 10, 2014. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, as Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Maria Veronica Andres R. Pore

Maria Veronica Andres R. Pore

Partner

CPA Certificate No. 90349

SEC Accreditation No. 0662-AR-2 (Group A),

March 26, 2014, valid until March 25, 2017

Tax Identification No. 164-533-282

BIR Accreditation No. 08-001998-71-2012,

April 11, 2012, valid until April 10, 2015

PTR No. 4225202, January 2, 2014, Makati City

April 10, 2014

**VULCAN INDUSTRIAL & MINING CORPORATION AND SUBSIDIARY
INDEX TO FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE**

SUPPLEMENTARY SCHEDULES

- A Schedule of financial assets
- B Schedule of amounts receivable from directors, officers, employees, related parties and principal stockholders (other than related parties)
- C Amounts receivable from related parties which are eliminated during the consolidation of financial statements
- D Schedule of intangible assets - other assets
- E Schedule of long-term debt
- F Schedule of indebtedness to related parties
- G Schedule of guarantees of securities of other issuers
- H Schedule of capital stock
- I Amounts payable to related parties which are eliminated during consolidated financial statements
- J Schedule of reconciliation of retained earnings available for dividend declaration as of December 31, 2013
- K Schedule of map of the relationships of the companies within the Group
- L Tabular schedule of effective standards and interpretations under the PFRS as of December 31, 2013
- M Financial Ratios

SCHEDULE A
VULCAN INDUSTRIAL & MINING CORPORATION AND SUBSIDIARY
FINANCIAL ASSETS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2013

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in the balance sheet	Income received and accrued
Loans and Receivables			
Cash	N/A	₱986,195	₱1,338
Receivables	N/A	1,174,717	—
AFS Investments			
Quoted equity shares			
The Philodrill Corporation	₱132,030,188	₱4,621,057	₱180,476
The Philippine Realty Corporation	10,822,528	5,140,702	—
Phil. Long Distance Co.	11,000	122,321	—
Oriental Petroleum Corporation	400,000	6,800	—
Unquoted equity shares			
	1,577,500	74,285	—

SCHEDULE B
VULCAN INDUSTRIAL & MINING CORPORATION AND SUBSIDIARY
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS,
EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS
(OTHER THAN RELATED PARTIES)
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2013

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected / Settlements	Amounts Written off	Current	Not Current	Balance at end period
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—Not applicable—

SCHEDULE C
VULCAN INDUSTRIAL & MINING CORPORATION AND SUBSIDIARY
AMOUNTS RECEIVABLE FROM RELATED PARTIES
WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2013

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected/ Settlements	Amounts Written off	Current	Not Current	Balance at end period
--------------------------------	--------------------------------	-----------	--------------------------------------	------------------------	---------	-------------	--------------------------

–Not applicable–

SCHEDULE D
VULCAN INDUSTRIAL & MINING CORPORATION AND SUBSIDIARY
INTANGIBLE ASSETS - OTHER ASSETS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2013

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
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—Not applicable—

SCHEDULE E
VULCAN INDUSTRIAL & MINING CORPORATION AND SUBSIDIARY
LONG-TERM DEBT
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2013

Title of Issue and type of obligation	Amount authorized by: Indenture	Amount shown under the caption "Current Portion of long-term borrowings" in related balance sheet	Amount shown under the caption "Long-term borrowings- net of current portion" in related balance sheet
--	---------------------------------------	--	--

—Not applicable—

SCHEDULE F
VULCAN INDUSTRIAL & MINING CORPORATION AND SUBSIDIARY
INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2013

Name of Related Party	Balance at beginning of period	Balance at end of period
<i>—Not applicable—</i>		

SCHEDULE G
VULCAN INDUSTRIAL & MINING CORPORATION AND SUBSIDIARY
GUARANTEES OF SECURITIES OF OTHER ISSUERS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2013

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee
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–Not applicable–

SCHEDULE H
VULCAN INDUSTRIAL & MINING CORPORATION AND SUBSIDIARY
CAPITAL STOCK
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2013

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial condition caption	Number of shares reserved for option, warrants, conversions and other rights	No of shares held by		
				Affiliates	Directors and Officers	Others
Common	600,000,000	600,000,000	—	140,930,790	10,710,669	448,358,541

SCHEDULE I
VULCAN INDUSTRIAL & MINING CORPORATION AND SUBSIDIARY
AMOUNTS PAYABLE TO RELATED PARTIES
WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2013

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected/ Settlements	Amounts Written off	Current	Not Current	Balance at end period
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—Not applicable—

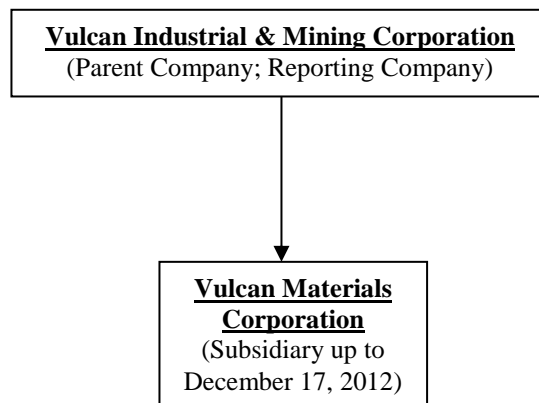
SCHEDULE J
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2013

VULCAN INDUSTRIAL & MINING CORPORATION AND SUBSIDIARY
7th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City

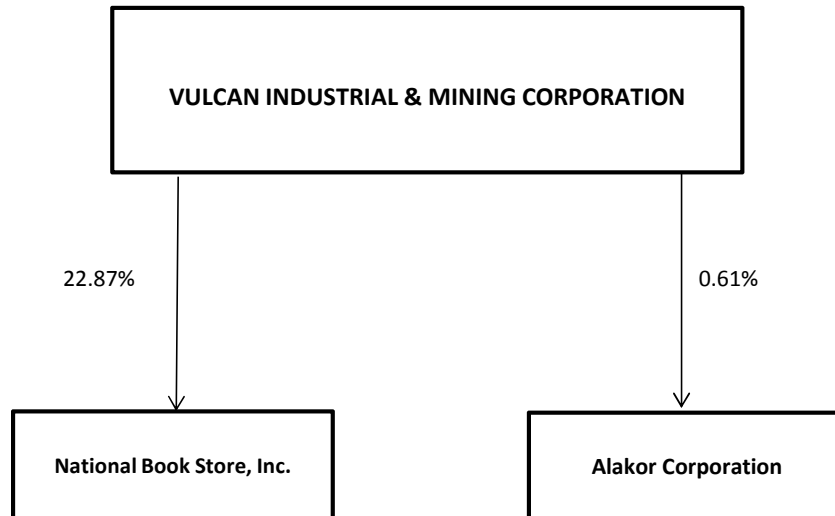
<u>Unappropriated retained earnings at January 1, 2013</u>	(P37,553,678)
Adjustment for impact of revised PAS 19 on opening retained earnings	<u>6,154,651</u>
<u>Unappropriated Retained Earnings, as adjusted at January 1, 2013</u>	31,399,027
<u>Add: Net income actually earned/realized during the period</u>	
Net income during the period closed to retained earnings	P361,870
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 (mark-to-market 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 PFRS	—
Subtotal	—
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)	—
Subtotal	—
Net income actually earned during the period	361,870
Add (Less):	
Dividend declarations during the period	—
Appropriations of retained earnings	—
Reversals of appropriations	—
Effects of prior period adjustments	—
Treasury stock	—
Subtotal	<u>—</u>
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND*	P—

**The amount is zero since the reconciliation results to a deficit of P31,760,897 as at December 31, 2013.*

SCHEDULE K
VULCAN INDUSTRIAL & MINING CORPORATION AND SUBSIDIARY
MAP OF THE RELATIONSHIPS OF THE
COMPANIES WITHIN THE GROUP
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2013



**VULCAN INDUSTRIAL & MINING CORPORATION
MAP OF THE RELATIONSHIP OF THE COMPANIES WITHIN GROUP
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2013**



SCHEDULE L
VULCAN INDUSTRIAL & MINING CORPORATION AND SUBSIDIARY
TABULAR SCHEDULE OF EFFECTIVE STANDARDS
AND INTERPRETATIONS UNDER THE PFRS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2013

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		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			✓

**Standards and interpretations which will become effective subsequent to December 31, 2013*

Note: Standards and interpretations tagged as "Not Applicable" are those standards which were adopted and have no significant covered transaction as of and for the years ended December 31, 2013.

(Forward)

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	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*	Not early adopted		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments*	Not early adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*	Not early adopted		
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Investment Entities*	Not early adopted		
PFRS 11	Joint Arrangements			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Investment Entities*	Not early adopted		
PFRS 13	Fair Value Measurement	✓		
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	✓		

**Standards and interpretations which will become effective subsequent to December 31, 2013*

Note: Standards and interpretations tagged as "Not Applicable" are those standards which were adopted and have no significant covered transaction as of and for the years ended December 31, 2013.

(Forward)

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
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			✓
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contribution*	Not early adopted		
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			✓
	Amendments to PAS 27: Investment Entities*	Not early adopted		
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
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	✓		

**Standards and interpretations which will become effective subsequent to December 31, 2013*

Note: Standards and interpretations tagged as "Not Applicable" are those standards which were adopted and have no significant covered transaction as of and for the years ended December 31, 2013.

(Forward)

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets*	Not early adopted		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
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			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting*	Not early adopted		
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			✓

**Standards and interpretations which will become effective subsequent to December 31, 2013*

Note: Standards and interpretations tagged as “Not Applicable” are those standards which were adopted and have no significant covered transaction as of and for the years ended December 31, 2013.

(Forward)

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
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			✓
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 15	Agreements for the Construction of Real Estate*	Not early adopted		
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			✓
IFRIC 21	Levies*	Not early adopted		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
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			✓

**Standards and interpretations which will become effective subsequent to December 31, 2013*

Note: Standards and interpretations tagged as "Not Applicable" are those standards which were adopted and have no significant covered transaction as of and for the years ended December 31, 2013.

SCHEDULE M

VULCAN INDUSTRIAL & MINING CORPORATION AND SUBSIDIARY FINANCIAL RATIOS PURSUANT TO SRC RULE 68, AS AMENDED DECEMBER 31, 2013

	2013	2012
<u>Profitability Ratios:</u>		
Return on assets	0.04%	6.06%
Return on equity	0.07%	10.02%
Gross profit margin	0%	0%
Net profit margin	0%	0%
<u>Liquidity and Solvency Ratios:</u>		
Current ratio	1.26:1	0.06:1
Quick ratio	0.09:1	0.006:1
Solvency ratio	0.001:1	0.14:1
<u>Financial Leverage Ratios:</u>		
Asset to equity ratio	1.65:1	1.67:1
Debt ratio	0.39:1	0.40:1
Debt to equity ratio	0.65:1	0.67:1
Interest coverage ratio	0	0
Price earnings ratio	2,233:1	14:1

COVER SHEET

A

7 4 4 3

S.E.C. Registration Number

V U L C A N I N D U S T R I A L & M I N I N G

C O R P O R A T I O N

(Company's Full Name)

7 t h F l o o r , Q u a d A l p h a C e n t r u m

B u i l d i n g , 1 2 5 P i o n e e r S t r e e t

M a n D a l u y o n G C i t y

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

Atty. Iris Marie U. Carpio-Duque

+63(2)6318078

Contact Person

Company Telephone Number

0 9

Month

3 0

Day

September 30, 2014(Amended)

1 7 - Q

FORM TYPE

Secondary License
Type, If Applicable

Month

Day

S E C

Dept. Requiring this Doc.

Total No. of Stockholders

Amended Articles Number/Section

Total Amount of Borrowings

-

Domestic

-

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

AMENDED SEC FORM 17 - Q

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

1. For the quarterly period ended SEPTEMBER 30, 2014
2. Commission identification number 7443
3. BIR Tax Identification No. 000 - 062 - 736
4. Exact name of issuer as specified in its charter
VULCAN INDUSTRIAL & MINING CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
125 Pioneer Street Mandaluyong City 1550
8. Issuer's telephone number, including area code
Tel (632) 631 - 80 - 78
9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the RSA
- | Title of each class | Number of shares of common
stock outstanding |
|---------------------|---|
| Common | 600,000,000 |
11. Are any or all of the securities listed on the Philippine Stock Exchange?
Yes ☒ No ☐
12. Indicate by check mark whether the registrant:
- (a) has filed all reports required to be filed by Section 17 of the Code and RSC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11 (a)-1 thereunder, and Sections 28 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or such shorter period the registrant was required to file such reports)
Yes ☒ No ☐
- (b) has been subject to such filing requirements for the past 90 days
Yes ☒ No ☐

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The financial statements are filed as part of this Form 17-Q.

The interim financial reports of the Company are in compliance with the generally accepted accounting principles applied on a basis consistent with that of the preceding quarters/period.

The financial statements are prepared in conformity with the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.

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

The Company posted a gross income of P0.06 million for the nine months ended September 30, 2014 and incurred a net loss of P3.4 million during the period, compared to a gross income of P10.04 million for nine months ended September 30, 2013, mainly attributable to gain from sale of treasury shares of the Company which resulted to net income of P4.9 million.

Total assets increased from P985.23 as of end-December 31, 2013 to P1.00 billion as of end-September 30, 2014 due to i) increase in the market value of available for sale investment and ii) the increased in Cash and cash equivalents and due from related parties was brought about by the advances made by National Book Store Inc. on their subscription to the Company's shares of stock.

Total liabilities increased from P387.1 million as of end-December 31, 2013 to P409.2 million as of end-September 2014, due to i) increase in payable to related parties , which was applied as deposit for future subscription to the Company's shares of stock.

Deficit increased from P37.2 million as of end-December 31, 2013 to P40.6 million as of end September 30, 2014 due to additional losses incurred by the Company.

Total Stockholders' equity decreased from P598.1 million as of December 31, 2013 to P595.8 million as of end-September 30, 2014 due additional losses incurred by the Company during the period.

The top five (5) key performance indicators of the Company and its wholly owned subsidiary are as follows:

	<u>Sept. 30 2014</u>	<u>Dec.31,2013</u>
Current Ratio	2.28 : 1	1.26 : 1
<u>Current Assets</u>	<u>47,617,103</u>	<u>29,176,129</u>
Current Liabilities	20,903,695	23,209,226
Asset to Equity Ratio	1.69 : 1	1.65 : 1
<u>Total Assets</u>	<u>1,004,990,365</u>	<u>985,232,788</u>
Stockholders Equity	595,839,550	598,079,224
Debt to Equity Ratio	0.69 : 1	0.66 : 1
<u>Total Liabilities</u>	<u>409,150,815</u>	<u>387,153,564</u>
Stockholders Equity	595,839,550	598,079,224
Equity to Debt Ratio	1.46: 1	1.52 : 1
<u>Stockholders Equity</u>	<u>595,839,550</u>	<u>598,079,224</u>
Total Liabilities	409,150,815	387,153,564
Book Value per Share	P 1.00	P 1.00
<u>Stockholders' Equity</u>	<u>595,839,550</u>	<u>598,079,224</u>
Total # of Shares	600,000,000	600,000,000
Earnings/(Loss) per Share	(P 0.006)	P 0.0006
<u>Net Income (Loss)</u>	<u>(3,412,849)</u>	<u>361,870</u>
Total # of Shares	600,000,000	600,000,000

Management is not aware of any material event/s and uncertainties that would address the past nor would have material impact on future operations of the Company.

The Company is preparing for its intended acquisition by National Book Store, Inc. (NBS) for purposes of listing with the Exchange. It is well to note that NBS has recently subscribed to 850,000,000 shares from the increase in authorized capital stock of the Corporation. On October 30, 2014 the Securities and Exchange Commission approved the increase in authorized capital stock of the Company from P600 million to P4 billion.

In general, Management is not aware of any material event or uncertainty that has affected the current fiscal period and/or would have a material impact on future operations of the Company. The Company will continue to be affected by the Philippine business environment as may be influenced by any local/regional financial and political crises.

There are NO known trends, demands, commitments, events or uncertainties that have or are reasonably likely to have material impact on the Company's liquidity. Should the Company's cash position be not sufficient to meet current requirements, the Company may consider to undertake programs to raise additional funds thru increase in capital and sale of Available-for-

sale (AFS) financial assets to finance the various projects. The Company is also considering prospective investors for its various projects.

The Company has NO material commitments for capital expenditures EXCEPT for the Company's exploration and development costs in mineral projects

The standards mentioned in SEC Memorandum Circular No. 6 Series of 2013 are not applicable to the Company's interim financial statements as of the period ended-September 2014.

There will be no purchase /sale of significant equipment on the next twelve months.

The number of employees will have no significant change in the next twelve (12) months.

Any material commitments for capital expenditures- the Company has NO material commitments for capital expenditures EXCEPT for the Company's exploration and development costs in mineral projects.

Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations is not applicable

Any significant elements of income or loss that did not arise from the issuer's continuing operations is not applicable

Any seasonal aspects that had material effect on the financial condition or results of operations is not applicable

The Company activities expose it to a variety of financial risks. The Board of Directors reviews and approves on policies for managing each of these risks namely:

Credit Risk

Credit risk is the risk that the Company will incur losses if its counterparties fail to discharge their contractual obligations.

The Company manages and controls credit risk by doing business mostly only with affiliates and recognized, reputable and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit procedures. Receivables are monitored on an ongoing basis bringing the Company's exposure to bad debts to a minimum level. Since the Company trades only with related parties and recognized third parties there is no requirement for collateral. The Company's maximum exposure to credit risk equals the carrying amount of this receivables/financial instrument.

Liquidity Risk

Liquidity risk is defined as the risk the Company would not be able to settle or meet its obligations on time or at a reasonable price. Management is responsible for liquidity, funding as well as settlement management. The Company's objective is to maintain a balance between continuity of funding and flexibility by availing credit facilities from various suppliers. The Company mainly sources its funds from bank loans and payable to related parties.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rate will affect future cash flows of the fair value of financial instruments. The Company has no interest rate risk as of the period ended-September 2014 and for the year ended 2013.

Equity Price Risk

Equity price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to equity price risk because of quoted financial assets held by the Company, which are classified on the financial statements of consolidated balance sheets as AFS financial assets.

Financial instruments

The Company recognizes a financial asset or a financial liability in the consolidated balance sheet when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of asset) or received (in case of a liability). The initial measurement of financial instruments, except for those financial assets and financial liabilities at fair value through profit or loss (FVPL), includes transaction cost.

On initial recognition, the Company classifies its financial assets in the following categories: Held-for-Maturity (HTM) investments, AFS financial assets, and loans and receivables. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates such designation at every financial reporting date.

Under PAS 39, all financial liabilities are recognized initially at fair value and in case of loans and borrowings, plus directly attributable transaction costs. Financial liabilities are classified as FVPL, loans and borrowings and derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual agreement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported as expense or income.

Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax benefits.

The Company's financial assets consist of loans and receivables and AFS investments. The Company's financial liabilities are classified as loans and borrowings. The Company has no financial assets and liabilities at FVPL and HTM investment.

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments and all other financial instruments where there is no active market, fair value is determined by using generally accepted valuation techniques. Such techniques include using arm's length market transactions; reference to the current market value of another instrument, which are substantially the same; discounted cash flow analysis and other valuation models.

Financial Soundness Indicators

	Sept. 30, 2014	Sept. 30, 2013
<i>Current Liquidity Ratios</i>		
Current Ratios	2.28:1	0.07:1
Quick Ratios	2.28:1	0.07:1
<i>Solvency Ratios</i>		
Debt-to-equity Ratios	2.46:1	0.01:1
	0.69:1	0.71
<i>Asset-to-equity Ratios</i>		
	1.69:1	1.71:1
<i>Interest Rate Coverage Ratios</i>		
	0	249.66:1
<i>Profitability Ratios</i>		
Gross Profit Margin	0%	0%
Net Profit Margin	0%	0%

PART II - OTHER INFORMATION

There were items for disclosure that were made under SEC Form 17-C during the current interim period (01 January to 30 September 2014).

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf the undersigned thereunto duly authorized.

Issuer VULCAN INDUSTRIAL & MINING CORPORATION



CHRISTOPHER M. GOTANCO
Vice-Chairman/COO and Chief
Corporate Information Officer

Date 11/13/2014

VULCAN INDUSTRIAL AND MINING CORPORATION
STATEMENT OF FINANCIAL POSITION

ASSETS	Unaudited 30-Sep-14	Audited 31-Dec-13
Current Assets		
Cash	8,273,520	986,195
Receivables	1,674,717	1,174,717
Due from related parties	37,614,559	26,960,909
Other current assets	54,308	54,308
Total Current Assets	47,617,103	29,176,129
Non Current Assets		
Available-for-sale (AFS) investments	11,138,340	9,965,165
Property and Equipment	87,863	87,863
Deferred exploration costs	946,147,060	946,003,631
Advances against royalties		
Other non current assets		
Total Non Current Assets	957,373,263	956,056,659
TOTAL ASSETS	1,004,990,365	985,232,788
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	11,797,841	11,800,474
Due to related parties	1,701,741	1,601,741
Bank Loan		
Subscriptions payable	6,529,858	6,529,858
Retirement benefit obligation	874,255	3,223,546
Income Tax Payable		53,607
Total Current Liabilities	20,903,695	23,209,226
Non Current Liabilities		
Deposits for future stock subscriptions	388,247,120	363,944,338
Retirement benefit obligation		
Deferred revenue		
Total Non Current Liabilities	388,247,120	363,944,338
TOTAL LIABILITIES	409,150,815	387,153,564
EQUITY		
Capital Stock	600,000,000	600,000,000
Additional paid in capital	6,543,612	6,543,612
Net unrealized valuation gains on AFS investments	27,674,135	26,500,960
Actuarial gain (loss) on retirement benefit plan	2,226,460	2,226,460
Deficit	(40,604,657)	(37,191,808)
TOTAL EQUITY	595,839,550	598,079,224
TOTAL LIABILITIES AND EQUITY	1,004,990,365	985,232,788

VULCAN INDUSTRIAL AND MINING CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

	Unaudited Jan. to Sept. 2014	Unaudited July to Sept. 2014	Unaudited Jan. to Sept. 2013	Unaudited July to Sept. 2013
REVENUE				
Dividend income	65,237.81	-	115,238	-
General and Administrative expenses	3,478,086	1,740,808	5,144,881	2,228,410
Other Income (Charges)				
Gain on sale of AFS	-	-	3,936,481	956,429
Gain on sale of treasury stock	-	-	6,011,875	-
Interest expense	-	-	(19,606)	-
Loss on sale of treasury stock	-	-	(4,276)	-
	-	-	9,924,474	956,429
Income from continuing operations before income tax	(3,412,849)	(1,740,808)	4,894,831	(1,271,982)
Provision for current income tax	-	-	-	-
Income from continuing operations after tax	(3,412,849)	(1,740,808)	4,894,831	(1,271,982)
Loss from discontinued operations after tax	-	-	-	-
Net Income/(Loss)	(3,412,849)	(1,740,808)	4,894,831	(1,271,982)
Other Comprehensive Income/Loss				
Net unrealized gains/(losses) on AFS investment	1,173,175	(1,164,467)	-	-
Total Other comprehensive Income/(Loss)	1,173,175	(1,164,467)	-	-
Total Comprehensive Income/(Loss)	(2,239,673)	(2,905,275)	4,894,831	(1,271,982)
Earnings/(Loss) per share was computed as follows:	Jan. to Sept. 2014	Jan. to Sept. 2013		
Net Income/(Loss) Attributable to Equity	(3,412,849)	4,894,831		
Weighted Average Number of Shares	600,000,000	600,000,000		
Earnings/(Loss) Per Share	(0.006)	0.0082		

VULCAN INDUSTRIAL & MINING CORPORATION
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	<u>Sept. 30, 2014</u>	<u>Sept. 30, 2013</u>
Balances, at January 1		
Capital Stock	600,000,000	600,000,000
Additional Paid-in capital	6,543,612	531,737
Net unrealized valuation gain/(loss) on available for sale (AFS) financial assets	26,500,960	29,673,093
Actuarial gain/(loss) on retirement benefit plan	2,226,460	-
Deficit, beginning	(37,191,808)	(35,327,218)
Add: Net Income/(Loss) during the period	(3,412,849)	4,894,831
Deficit, ending	<u>(40,604,657)</u>	<u>(30,432,387)</u>
Other Comprehensive Income/(Loss)	1,173,175	(3,021,000.00)
Balances, at September 30	<u>595,839,550</u>	<u>596,751,443</u>

VULCAN INDUSTRIAL & MINING CORPORATION
STATEMENTS OF CASH FLOWS

	FOR THE PERIOD			
	Jan. 1 to Sept. 30 2014	July 1 to Sept. 30 2014	Jan. 1 to Sept. 30 2013	July 1 to Sept. 30 2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income/(Loss)	(3,412,849)	(1,675,571)	4,894,831	(1,271,982)
Loss from discontinued operations before income tax				
Adjustment to reconcile net income to net cash provided by (used in) operating activities:				
Depletion, Depreciation and amortization	-	-	47,659	43,571
Changes in operating assets & liabilities				
Decrease (increase) in:				
Accounts Receivable-net	(500,000)	(300,000)	263,426	113,317
Due from Related Parties	(10,653,650)	(12,024,314)	(6,928,049)	851,251
Prepaid expenses and other current assets	-	-	(321,310)	(583)
Increase (decrease) in:				
Accounts payable and accrued expenses	(2,633)	98	(918,735)	17,994
Payable to related parties	100,000	(1,703,607)	32,525,592	-
Income Tax Payable	(53,607)	-	-	-
Retirement benefits	(2,349,291)	(549,999)	(3,055,422)	(866,383)
Net cash used in operating activities	(16,872,028)	(16,253,391)	26,507,993	(1,112,814)
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in:				
Deferred exploration cost and other charges	(143,429)	(22,854)	(33,150,681)	(110,000)
Decrease in available-for-sale (AFS) financial assets	-	-	3,899,000	-
Net cash used in investing activities	(143,429)	(22,854)	(29,251,681)	(110,000)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from sales of treasury stocks	-	-	5,837,397	-
Changes in unrealized valuation gain (loss) on AFS	-	-	(3,021,000)	-
Payment of subscriptions	24,302,783	24,302,783	-	-
Net cash provided by financing activities	24,302,783	24,302,783	2,816,397	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,287,325	8,026,538	72,709	(1,222,814)
CASH AND CASH EQUIVALENTS, BEGINNING	986,195	246,982	748,345	2,043,868
CASH AND CASH EQUIVALENTS, END	8,273,520	8,273,520	821,054	821,054

NOTES TO FINANCIAL STATEMENTS

Corporate Information

Vulcan Industrial & Mining Corporation (The Company) was registered with the Securities and Exchange Commission (SEC) on January 13, 1953. The Company was listed in the Philippine Stock Exchange on 1970.

The Company is involved in finding, developing and producing mineral properties.

The registered office address of the Company is at 7th Floor QUAD Alpha Centrum Bldg., 125 Pioneer Street, Mandaluyong City.

Status of operations

The group has a number of mineral properties that are in various stages of exploration and has participation in several petroleum projects in the Philippines. The ability of the Company to realize its deferred exploration cost depends on the success of its exploration activities and future development work proving the viability of its mining properties that can produce minerals in commercial quantities and the discovery of oil and gas that can be produced in commercial quantities, which cannot be determined at this stage.

The Company has incurred cumulative losses from operations resulting in a deficit amounting to P40.6 million as of September 30, 2014. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as going concern. However, Management is confident that with the renewed interest in mining and oil and gas industry and the continuing support of related parties, the going concern issue will be resolved favorably.

On January 15, 2013, the Board of Directors (BOD) approved the retirement of all its employees under its former policies as a result of the Company's change in management.

Basis of preparation

The financial statements of the Company have been prepared under the historical cost basis. The financial statements are presented in Philippine Peso, which is the Company's functional currency.

Statement of compliance

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

PFRS 9

This standard is effective for annual periods beginning on or after January 2015. It introduces new requirements on the classification and measurement of financial assets. It uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing many different rules in PAS 39, Financial Instruments: Recognition and Measurement. The approach in the new standard is based on how entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different methods in PAS 39. The company expects significant impact on its financial statements when it adopts this standard.

The company has decided not to early adopt either PFRS 9(2009) or PFRS 9 (2010) for its financial reporting. The company continues to assess the impact of the new and amended accounting standard and interpretation effective subsequent to 2011 on its financial statements in the period of initial application. Additional disclosures required by the amendments will be included in the financial statements when the amendments are adopted.

Accounting Estimates and Assumptions

The key assumptions concerning the future and other key source of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of loans and receivables

The Group evaluates specific accounts where the Group has information that certain customers or third parties are unable to meet their financial obligations. Factors, such as the Group's length of relationship with the customers or other parties and the customers' or other parties' current credit status, are considered in determining the amount of impairment that will be recorded relating to trade and other receivables account. The allowance is re-evaluated and adjusted as additional information is received.

In addition to specific allowances against individually significant loans and receivables, the Group also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration the credit risk characteristics such as customer type, geographical location, payment history, past due status and term.

Impairment of AFS financial assets

The Company treats AFS financial assets as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" required judgment. In addition, the Company evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted securities.

Impairment of other current assets

The Company estimates the allowance for impairment of inventories included under the "Other current assets" account, based on the age of inventories. The amounts and timing of recorded expenses for any period would differ if different judgments or different estimates are made. An increase in the decline in value of inventories would increase recorded expenses and decrease current assets.

Estimating useful lives of property and equipment

The Company estimates the useful lives of property and equipment based on the period over which assets are expected to be available for use. The estimated useful lives of the property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of property and equipment is based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Recoverability of deferred exploration costs

The Company assesses impairment on deferred exploration cost when facts and circumstances suggest that the carrying amount of the assets may exceed its recoverable amount.

Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Reserves*, are as follows:

- the period for which the Company has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially variable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The Company reviews the carrying values of its mineral property interests whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts.

Impairment of non-financial assets

The Company performs asset impairment review on its other current assets, investments and advances, property and equipment, and other noncurrent assets when certain impairment indicators are present. This requires the estimation of the asset's recoverable amount. Impairment losses, if any, are recognized in the statement of operations in those expense categories consistent with the function of the impaired asset. Changes in estimates and assumptions may result to additional provision for impairment.

Valuation of financial assets and financial liabilities

The Company carries certain financial assets and financial liabilities at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable evidence, the amount of changes in fair value would differ if the Company utilized a different valuation methodology. Any change in fair value of these financial assets and financial liabilities would affect the profit or loss and equity.

Estimating retirement benefits cost

The determination of the Company's obligation and cost for retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of the balance sheet dates. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. In accordance with PAS 16, actual results that differ from the Company's assumptions are accumulated and amortized over future periods and therefore, generally affect the Company's recognized expense and recorded obligation in such future periods. While management believes that its assumptions are the assumptions that may materially affect the Company's pension and other retirement obligations.

Cash and Cash Equivalents

	September 30, 2014	December 31, 2013
Cash on hand and in bank	8,273,520	986,195
Cash equivalents	-	-
	<u>8,273,520</u>	<u>986,195</u>

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents are short-term investments that are made for varying periods of up to three months depending on the cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Receivables

	September 30, 2014	December 31, 2013
Unimpaired	1,674,717	1,174,717
Impaired	3,948,300	3,948,300
	5,623,017	5,123,017
Less: allowance for impairment losses	3,948,300	3,948,300
	<u>1,674,717</u>	<u>1,174,717</u>

Trade receivables are non-interest bearing and generally have due within 30 days. Other receivables consist of advances to officers and employees, among others.

Other Current Assets

	September 30, 2014	December 31, 2013
Advances to suppliers	745,829	745,829
Input VAT	46,308	46,308
	792,137	792,137
Less: allowance for impairment losses	737,829	737,829
	<u>54,308</u>	<u>54,308</u>

Advances against royalties are deposits made to owners of mining area wherein the Company operates/conducts exploration activities. The advances are deductible from future royalty obligations of the Company and will be refunded in case exploration activities in the related area are unsuccessful.

AFS Financial Assets

	September 30, 2014	December 31, 2013
Investment in quoted shares of stocks of:		
Philodrill	4,224,966	4,621,057
Other quoted equity securities	6,839,089	5,269,823
	11,064,055	9,890,880
Investment in unquoted shares of stocks of:		
Other unquoted equity investments	74,285	74,285
	<u>11,138,340</u>	<u>9,965,165</u>

Quoted shares consist of equity securities that are traded at the Philippine Stock Exchange. The fair values of these listed shares are based on their bid market as of the last trading day during the period.

Unquoted equity securities include unlisted shares of stocks in various mining companies which the Company will continue to carry as part of its investments.

Deferred Exploration Cost

	September 30, 2014	December 31, 2013
Deferred Exploration Costs:		
Petroleum exploration	872,146,374	872,146,374
Mineral exploration projects	78,192,368	78,048,939
	950,338,742	950,195,313
Allowance for impairment losses	4,191,682	4,191,682
	<u>946,147,060</u>	<u>946,003,631</u>

The Company is participant in several SCs and GSECs entered into the Philippine government through the DOE to conduct exploration, exploitation and development activities in the contract areas designated in the SCs and GSECs. These SCs and GSECs provide for certain minimum work expenditure obligations and the drilling of a specific number of wells and are covered by operating agreements which set forth the participating interest rights and obligations.

Trade and other Payables

	September 30, 2014	December 31, 2013
Accrued expenses	7,426,997	7,426,997
Statutory liabilities	658,690	658,690
Others	3,712,154	3,714,787
	<u>11,797,841</u>	<u>11,800,474</u>

Advances to related parties

The amounts due from related parties are as follows:

	September 30, 2014	December 31, 2013
VMC	36,389,467	25,735,817
APHC	685,919	685,919
UPMC	539,173	539,173
	<u>37,614,559</u>	<u>26,960,909</u>

The amounts payable to related parties consist of the following:

	September 30, 2014	December 31, 2013
Palawan Granite	709,242	709,242
San Jose (SJ)	892,499	892,499
APHC	100,000	
	<u>1,701,741</u>	<u>1,601,741</u>

Retirement Benefits

On January 15, 2013, the BOD approved the retirement of all its employees under its former policies as a result of the Group's change in management.

Prior to the payment of retirement benefits, the Company has unfunded defined benefit retirement plan covering all its regular full-time employees. The benefits are computed equivalent to one-half month's salary for every year of service with six months or more of service considered one year.

Capital Stock

As of September 30, 2014 and December 31, 2013 there is a total of 600,000,000 issued shares.

VULCAN INDUSTRIAL & MINING CORPORATION
Aging of Accounts Receivable
Sept. 30, 2014

	TOTAL	1-60 days	61-90 days	90-120 days	over 120 days
Types of Accounts Receivable					
a. Trade receivable	388,831	-	-	-	388,831
b. Non-Trade receivable					
b. Advances for Liquidation	840,638	300,000.00	120,000.00		420,638
c. Advances to Officers and Employees	202,731				202,731
d. Advances Against Royalties	1,745,147				1,745,147
c. Others	2,445,669				2,445,669
	5,623,016	300,000	120,000	-	5,203,016
Less: Allowance for Doubtful Accounts	3,948,299	-	-	-	3,948,299
Net Receivable	1,674,717	300,000	120,000	-	1,254,717