COVER SHEET

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SEC Registration Number

AGP INDUSTRIAL CORPORATION

(Company's Full Name)

Unit 1810 Cityland Condominium 10 Tower 1, 6815 Ayala Avenue corner H. V. dela Costa Street, Makati City

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

Venus L. Gregorio	928-9246
(Contact Person)	(Company Telephone Number)

1 2	3 1	17Q3 2011		
Month	*Day*	(Form Type)	*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 2011**

2. SEC Identification Number **0000042543**   3. BIR Tax Identification No. **000-196-724**

4. Exact name of issuer as specified in its charter **AGP INDUSTRIAL CORPORATION**

5. **Republic of the Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. [ ] (SEC use only)
   Industry Classification Code

7. **Unit 1810 Cityland Condominium 10 Tower 1, 6815 Ayala Avenue corner H. V. dela Costa Street, Makati City**   **1200**
   Address of principal office   Postal Code

8. **(632) 840-0535**
   Issuer's telephone number, including are code

9. N/A
   Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Issued and Outstanding
Common stock	**200,000,000**

Amount of debt outstanding as of September 30, 2011:   ₱NIL

11. Are any or all of these securities listed on a Stock Exchange.

    Yes [**X**]   No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:

    Philippine Stock Exchange, Inc.   **Common stock**

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

    Yes [**X**]   No [ ]

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

    Yes [**X**]   No [ ]

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

This Financial Statements meeting the requirements of SRC Rule 68, is furnished as specified therein.

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

September 30, 2011 and December 31, 2010 and
Nine Months Ended September 30, 2011 and 2010

Financial Performance and Results of Operation

	September 30, 2011 (Unaudited)	December 31, 2010 (Audited)
Current Assets	**₱67,608,231**	₱10,851,837
Total Assets	**67,608,231**	10,851,837
Current Liabilities	**2,357,687**	4,588,587
Equity	**65,250,544**	6,263,250

	Nine Months Ended September 30 (Unaudited)	
	2011	2010
Interest Income	**₱398,207**	₱300,326
Expenses	**6,335,685**	722,580
Net Loss	**6,012,706**	482,319

The Company has no operations since 1998 and, as shown in the accompanying financial statements, the Company continues to incur losses as the current management is assessing and identifying investment opportunities and various options regarding operations that the Company may undertake in the future. Net loss for the nine months ended September 30, 2011 and 2010 amounted to ₱6.01 million and ₱0.48 million, respectively.

On August 4, 2008, the Board of Directors of the Company approved the following:

- Quasi-reorganization consisting of the following:
  - Reduction in par value from Six Pesos (₱6.00) per share to One Peso (₱1.00) per share.
  - Decrease in the authorized capital stock of the Corporation from One Hundred Thirty Two Million Pesos (₱132,000,000.00) divided into Twenty Two Million (22,000,000) shares at Six Pesos (₱6.00) per share to Twenty Two Million Pesos (₱22,000,000.00) divided into Twenty Two Million (22,000,000) shares at One Peso (₱1.00) per share.
  - Resulting surplus from the reduction in par value to be credited to additional paid-in capital.
  - Offset of the Company's additional paid-in capital against the Company's deficit.
  - Reclassification of the Company's Class A common shares and Class B common shares into one class of common shares.

Increase in the Company's authorized capital stock (after reduction in par value of the shares) from ₱ 22 million [divided into 22 million shares at One Peso (₱1.00) par value a share] to ₱200 million [divided into 200 million shares at One Peso (₱1.00) par value a share].

- Delegation to the Board of Directors the authority to look for new investors.

Together with the Board of Directors of AGPI, minority shareholders took the initiative of reviving the Company's status as a listed company. They assessed and identified investment opportunities and weighed various options geared towards finding a new investor. In 2008, through HDI Securities, Inc. (HDI), a group of investors who are clients of HDI pooled together a fund to invest in the Company. Initial investments of Fifteen Million Pesos (₱15,000,000.00) from the investors provided the Company with funds needed to pay off regulatory and statutory penalties that accumulated during its period of non-operations.

To carry out the plan to revive and re-instate AGPI, on 4 August 2008, the Board of Directors of the Company accepted the subscription by HDI, on behalf of its investors, amounting to ₱45 million [consisting of 45 million shares at One Peso (₱1.00) par value a share] out of the Company's increase in authorized capital stock.

On 14 August 2008 and 9 September 2008, the Company received a total amount of ₱15 million from HDI, on behalf of its investors, as partial payment for subscriptions to the increase in the Company's authorized capital stock and is shown as "Deposits on subscriptions" account in the statements of financial position and statements of changes in equity.

On 28 October 2008, the Stockholders, representing 75% of the issued and outstanding shares of the Company, approved and ratified the following:

- Quasi-reorganization plan consisting of the following:

  - Reduction in par value from Six Pesos (₱6.00) per share to One Peso (₱1.00) per share.
  - Decrease in the authorized capital stock of the Corporation from One Hundred Thirty Two Million Pesos (₱132,000,000.00) divided into Twenty Two Million (22,000,000) shares at Six Pesos (₱6.00) per share to Twenty Two Million Pesos (₱22,000,000.00) divided into Twenty Two Million (22,000,000) shares at One Peso (₱1.00) per share.
  - Resulting surplus from the reduction in par value to be credited to additional paid-in capital.
  - Offset of the Company's additional paid-in capital against the Company's deficit.
  - Reclassification of the Company's Class A common shares and Class B common shares into one class of common shares.

- After the reduction in par value of the shares, amendment of the Company's Articles of Incorporation, as follows:

  - Increase in the Company's authorized capital stock (after reduction in par value of the shares) from ₱22 million [divided into 22 million shares at One Peso (₱1.00) par value a share] to ₱200 million (divided into 200 million shares at One Peso (₱1.00) par value a share].
  - Denial of pre-emptive rights.

In the said 28 October 2008 Stockholders' Meeting, stockholders representing 75% of the issued and outstanding shares of the Company, approved and ratified the plan of the Company, to be implemented through the Board of Directors, to issue subscriptions to investors, represented by HDI, via private placement. Stockholders representing the majority of the minority likewise approved the same.

The above quasi-reorganization and equity restructuring of the Company were approved by the Securities and Exchange Commission (SEC) on May 3, 2011. The capital increase was undertaken using the Fifteen Million Pesos (P 15,000,000.00) deposited for future subscriptions by the Investors.

On 3 May 2011, the SEC issued an Order Lifting the Order of Revocation of AGP Industrial Corporation's Permit to Sell Securities. With this order, the Company applied with the PSE for the lifting of the trading ban on AGPI shares. The trading ban was indeed lifted on 22 June 2011 and AGPI shares are again trading in the Philippine Stock Market

On 17 June 2011, the Board of Directors approved the sale and issuance, via private placement, of 136,678,651 shares of the Company at ₱1 par value a share to various investors.

The Board of Directors also approved the creation of several subsidiaries via investment in various corporations where the Company will own 100% of the outstanding capital stock of the said subsidiaries.

On 2, 5 and 23 September 2011, the Securities and Exchange Commission approved the issuance of the Certificate of Incorporation of Alta Minera Inc., Millionaire's Offices and Properties Inc. and Breccia Resources Inc. as a mining and real estate corporation where the Company owns 100% of its outstanding capital stock.

On 22 September 2011, the Board of Directors authorized the Chairman to evaluate, negotiate and enter on behalf of the Company into contracts, agreements, joint-venture, partnership, co-development and co-investment with any third party for the Company's business expansion.

As a result, last 27 September 2011, the Company together with NiHao Mineral Resources Inc. (NiHao) executed a Heads of Agreement with Glencore International AG (Glencore) which was signed in Hong Kong.

The accompanying financial statements have been prepared assuming the Company will continue operating as a going concern, and do not include any adjustments relating to the recoverability of asset carrying amounts and the amounts of liabilities that might result should the Company be unable to continue as going concern. The Company's management continues to assess investment opportunities and various options regarding operations that the Company may undertake in the future.

The Company's revenue (interest income earned on short-term investments) for the nine months ended September 30, 2011 totaled to about ₱0.398 million, an increase of ₱0.98 million when compared to September 30, 2010 due mainly to increase in the Company's average short-term placements. The increase in short-term average placements was due to payments of subscriptions receivable by the stockholders.

Total expenses for September 30, 2011 totaled about ₱6.33 million, an increase of about ₱5.60 million when compared to September 30, 2010. The increase was attributed mainly to the payment of accumulated penalties imposed by the SEC, professional fees for various services incurred in the Company's quasi-reorganization and equity restructuring, taxes, licenses and director's fees.

Loss per share on September 30, 2011 amounted to ₱0.157 or ₱0.131 more when compared to September 30, 2010 due to increase in net loss for the period.

Cash and cash equivalents amounted to ₱67.03 million as of September 30, 2011 as compared to ₱ 10.35 million as of December 31, 2010 or an increase of ₱56.68 million. The increase in cash and cash equivalents was due to collection of subscriptions receivable totaling ₱65 million and partially offset by the payment of accruals and expenses for the period.

Other current assets increased by ₱0.07 million due mainly to additional input value-added tax on professional fees and PSE annual maintenance fees incurred for the period ended September 30, 2011.

Accounts and other payables decreased by about ₱2.23 million due mainly to payment of accrued professional fees and SEC fees and penalties (incurred in prior years).

Key Performance Factors:

	September 2011	September 2010
Net Income (Loss)	(₱6,012,706)	(₱482,319)
Total Current Assets	₱67,608,231	₱10,845,863
Current Liabilities	₱2,357,687	₱1,970,587
Total Liabilities	₱2,357,687	₱1,970,587
Stockholders' Equity	₱65,250,544	₱8,875,276
Debt to Equity Ratio	0.036	0.222
Current Ratio		
₱67,608,231/₱2,357,687	28.676	
₱10,845,863/₱1,970,587		5.504
Income (Loss) per share	₱0.157	
(₱6,012,706)/38,321,349		
(₱482,319)/18,321,349		₱0.026

Debt to Equity Ratio:
This ratio is determined by dividing the total liabilities into the total stockholders' equity. This ratio measures the leverage on borrowed capital.

Current Ratio:
This ratio is computed by dividing the current assets into the current liabilities. The ratio measures the company's ability to pay maturing obligations.

Income (Loss) Per Share:
Income (Loss) per share is computed by dividing the net income (loss) by weighted average number of common shares outstanding.

Investment in Shares of Stock

100% ownership in various companies

On 17 June 2011, the Board of Directors approved the creation of several subsidiaries via investment in various corporations where the Company will own 100% of the outstanding capital stock of the said subsidiaries.

On 2 September 2011, the Security and Exchange Commission approved the issuance of Alta Minera Inc.'s ('Alta Minera') Certificate of Registration. Alta Minera was incorporated as a mining company.

On 5 September 2011, the Security and Exchange Commission approved the issuance of the Certificate of Registration of Millionaire's Offices and Properties Inc. ('Millionaire's'). Millionaire's was incorporated as a realty company.

On 23 September 2011, the Security and Exchange Commission approved the issuance of the Certificate of Registration of Breccia Resources Inc. ('Breccia') which was also incorporated as a mining company.

Heads of Agreement with Glencore International AG

On 22 September 2011, the Board of Directors authorized the Chairman to enter on behalf of the Company into contracts, agreements, joint-venture, partnership, co-development and co-investment with any third party for the Company's business expansion. Last 27 September 2011, the company together with NiHao Mineral Resources International Inc. (NiHao) executed a Heads of Agreement (HOA) with Glencore International AG (Glencore) which was signed in Hong Kong.

The Heads of Agreement was executed to allow AGP, NiHao and Glencore to enter into a joint venture and technical partnership whereby each party shall utilize its expertise in the mining industry for purposes of investigating, identifying, acquiring, developing and operating mining claims of

economically feasible nickel deposits in the Philippines for purposes of Direct Shipping / Selling Ore (DSO) and other related nickel mining businesses.

Thus, as provided under the HOA, within a period of two (2) months from signing, the parties shall form a Joint venture Corporation (JVC) under the laws of Hong Kong. Initial capitalization for said JVC shall consist of equal contribution from Glencore of One Million U.S. Dollars (US$1,000,000.00), and the AGP and NiHao, in equal division, of One Million U.S. Dollars (US$1,000,000.00), for a total initial capitalization amount of Two Million U.S. Dollars (US$2,000,000.00).

The Parties shall retain equal control over the affairs and businesses of the JVC and shall have and nominate two (2) directors on the part of Glencore and two (2) directors on the part of AGP and NiHao for a total of a four (4) man board of directors (Board of Directors). AGP and NIHao shall, with the consent of Glencore, appoint a Chief Executive Officer and a Chief Operating Officer, and Glencore shall, with the consent of AGP and NiHao, appoint a Chief Financial Officer, who shall all be the primary members of the management team of the JVC. All other officers / employees who shall complement the management team shall likewise be appointed by AGP and NiHao.

For the mutual benefit of the parties, the JVC shall utilize AGP and NiHao's expertise in mining, contracting and development of mines in the Philippines as well as their knowledge of relevant laws, regulations, and local issues. On the other hand, Glencore will contribute its expertise in the marketing of nickel ores in the world market as well as its network of various institutions internationally.

Investment in Real Estate

The Company expects to acquire before the end of 2011 approximately two floors of Sunplaza Centre with an approximate area of one thousand six hundred sixty two square meters (1,662 sq.m.) amounting to about ₱83.1 million.

(a) There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way.

(b) There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

(c) There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligation), and other relationships of the Company with unconsolidated entities or other persons created during the year.

(d) There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

(e) There are no significant elements of income or loss that did not arise from the Company's continuing operations.

(f) There are no seasonal aspects that had a material effect on the Company's financial condition or results of operations.

(g) There are no material events and uncertainties known to management that would address the past and would have an impact on future operations of the Company.

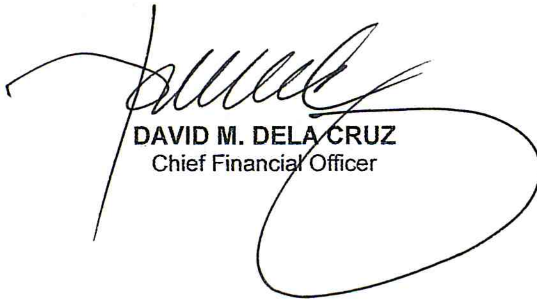
SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, the Registrant has duly caused this report for the second quarter ended September 30, 2011 to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant: **AGP INDUSTRIAL CORPORATION**

By:

ATTY. ANTONIO VICTORIANO F. GREGORIO III
Chairman / President



DAVID M. DELA CRUZ
Chief Financial Officer

DELFIN S. CASTRO, JR.
Treasurer

AGP INDUSTRIAL CORPORATION

AGING OF RECEIVABLES

AS OF SEPTEMBER 30, 2011

(Based on Unaudited Figures)

	Up to 9 Months	Over 9 Mos. to One Year	Over One Year	Past Due	Total
Receivables from officers and employees	₱–	₱–	₱–	₱265,916	₱265,916
Less allowance for doubtful accounts	–	–	–	265,916	265,916
Net receivables from officers and employees	₱–	₱–	₱–	₱–	₱–

ANNEX A

AGP INDUSTRIAL CORPORATION & SUBSIDIARIES

FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2011(UNAUDITED) AND
DECEMBER 31, 2010 (AUDITED)

AND

FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2011 AND 2010 (UNAUDITED)

AGP INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited Consolidated September 30, 2011		Audited December 31, 2010
ASSETS				
Current Assets				
Cash and cash equivalents	₱	67,030,073	₱	10,353,249
Interest Receivable		13,570		
Other current assets (Notes 5 & 10)		564,588		498,588
Total Assets		67,608,231		10,851,837
	₱	67,608,231	₱	10,851,837
LIABILITIES & STOCKHOLDERS' EQUITY				
Current Liabilities				
Accounts & other payables (Notes 6 & 10)	₱	2,357,687	₱	4,588,587
Total Liabilities		2,357,687		4,588,587
Stockholders' Equity				
Capital Stock (Note 7 & 8)		98,321,349		109,928,094
Additional Paid-in Capital (Note 8)				396,291,984
Deposit on Subscriptions (Note 8)				15,000,000
Deficit		(33,070,805)		(514,956,828)
Total Stockholders' Equity		65,250,544		6,263,250
	₱	67,608,231	₱	10,851,837

AGP INDUSTRIAL CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months		Nine Months	
	July 1 to September 30, 2011	July 1 to September 30, 2010	January 1 to September 30, 2011	January 1 to September 30, 2010
REVENUES	₱	₱	₱	₱
EXPENSES	(956,448)	(145,500)	(6,335,685)	(722,580)
OTHER INCOME				
Interest Income	244,276	102,833	398,207	300,326
INCOME (LOSS) BEFORE INCOME TAX	(712,172)	(42,667)	(5,937,478)	(422,254)
PROVISION FOR INCOME TAX	(44,441)	(20,566)	(75,227)	(60,065)
NET LOSS	₱ (756,614)	₱ (63,233)	₱ (6,012,706)	₱ (482,319)
WEIGHTED AVERAGE NUMBER OF COMMON SHARE	63,321,349	18,321,349	38,321,349	18,321,349
Net Income (Loss) Per Share	0.012	0.003	0.157	0.026

AGP INDUSTRIAL CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

	Three Months		Nine Months	
	July 1 to September 30, 2011	July 1 to September 30, 2010	January 1 to September 30, 2011	January 1 to September 30, 2010
CAPITAL STOCK - ₱ 1 par value in 2011 and ₱ 6 par value in 2010				
ISSUED				
Common Stock:				
At beginning of period	₱ 63,321,349	₱	₱	₱
Reclassification of Class A common and Class B common into Common Shares			18,321,349	
Issuance of Shares			45,000,000	
At end of period	63,321,349		63,321,349	
Class A Common:				
At beginning of period		84,172,566	84,172,566	84,172,566
Reduction of par value from ₱ 6 to ₱ 1			(70,143,805)	
Reclassification to common shares			(14,028,761)	
At end of period		84,172,566	0	84,172,566
Class B Common:				
At beginning of period		25,755,528	25,755,528	25,755,528
Reduction of par value from ₱ 6 to ₱ 1			(21,462,940)	
Reclassification to common shares			(4,292,588)	
At end of period		25,755,528	0	25,755,528
SUBSCRIBED				
At beginning of period	136,678,651			
Subscriptions to share			181,678,651	
Issuance of shares			(45,000,000)	
At end of period	136,678,651		136,678,651	0
SUBSCRIPTION RECEIVABLES				
At beginning of period	(101,678,651)			
Subscriptions to share			(181,678,651)	
Collection of Subscription Receivables			65,000,000	
Deposit on Subscriptions			15,000,000	
At end of period	(101,678,651)		(101,678,651)	0
TOTAL PAID UP CAPITAL	₱ 98,321,349	₱ 109,928,094	₱ 98,321,349	₱ 109,928,094
ADDITIONAL PAID IN CAPITAL				
At beginning of period		396,291,984	396,291,984	396,291,984
Reduction of par value from ₱ 6 to ₱ 1			91,606,745	
Offset of APIC against Deficit			(487,898,729)	
At end of period		396,291,984	0	396,291,984
DEPOSIT ON SUBSCRIPTIONS				
At beginning of period		15,000,000	15,000,000	15,000,000
Applied against Subscription Receivables			(15,000,000)	
At end of period		15,000,000	0	15,000,000
DEFICIT				
At beginning of period	(32,314,191)	(512,281,569)	(514,956,828)	(511,862,483)
Offset of APIC against Deficit			487,898,729	
Total Comprehensive Loss	(756,614)	(63,233)	(6,012,706)	(482,319)
At end of period	(33,070,805)	(512,344,802)	(33,070,805)	(512,344,802)
TOTAL STOCKHOLDERS' EQUITY	₱ 65,250,544	₱ 8,875,276	₱ 65,250,544	₱ 8,875,276

AGP INDUSTRIAL CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Three Months		Nine Months	
	July 1 to September 30, 2011	July 1 to September 30, 2010	January 1 to September 30, 2011	January 1 to September 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (Loss) before income tax	₱ (712,172)	₱ (42,667)	₱ (5,937,478)	₱ (422,254)
Adjustment for Interest Income	(244,276)	(102,833)	(398,207)	(300,326)
Operating income before working capital changes	(956,448)	(145,500)	(6,335,685)	(722,580)
(Increase) Decrease in other current assets	4,392	(14,400)	(66,000)	(80,400)
(Increase) Decrease in interest receivable	(13,570)		(13,570)	
Increase (Decrease) in accounts & other payables	(120,044)	(38,800)	(2,230,900)	(623,660)
Cash required by operations	(1,085,671)	(198,700)	(8,646,155)	(1,426,640)
Interest Income	244,276	102,833	398,207	300,326
Final Tax Paid on Interest	(44,441)	(20,566)	(75,227)	(60,065)
Net Cash Provided by operating activities	(885,836)	(116,433)	(8,323,176)	(1,186,379)
CASH FLOWS FROM INVESTING ACTIVITIES				
Collection of Subscription Receivables			65,000,000	
Net Cash Provided (Used) in Investing Activities			65,000,000	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(885,836)	(116,433)	56,676,824	(1,186,379)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	67,915,910	10,478,318	10,353,249	11,548,264
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱ 67,030,073	₱ 10,361,885	₱ 67,030,073	₱ 10,361,885

1. Corporate Information and Status of Operations

Corporate Information

AGP Industrial Corporation (the "Company" or "AGPI") is incorporated in the Republic of the Philippines on October 23, 1970, primarily to invest in, purchase, or otherwise acquire and own, hold, manage, use, sell, operate, assign, transfer, mortgage, pledge, encumber, exchange or otherwise dispose of, or deal in real and personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidences of indebtedness, and other securities, contracts of obligations of any person, corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized to pay therefor, in money or by exchanging therefor stocks, bonds or other evidences of indebtedness or securities of this or any other corporation, and while the owner or holder of any such real or personal property, stocks, bonds, debentures, contracts or obligations, to receive, collect and dispose of the interest, dividends, and income arising from such property and to possess and exercise in respect thereof all the rights, powers, and privileges of ownership, including all voting powers as any stock so owned.

The Company currently holds office at Unit 1810 Cityland Condominium 10 Tower 1, 6815 Ayala Avenue corner H. V. dela Costa Street, Makati City.

Status of Operations

As shown in the accompanying financial statements, the Company continues to incur losses as the Company's current management is assessing and identifying investment opportunities and various options regarding operations that the Company may undertake in the future. Net loss for the periods ended September 30, 2011 and 2010 amounted to ₱6.017 million and ₱0.482 million, respectively.

On August 4, 2008, the Board of Directors of the Company approved the following:

- Quasi-reorganization consisting of the following:

  - Reduction in par value from Six Pesos (₱6.00) per share to One Peso (₱1.00) per share.
  - Decrease in the authorized capital stock of the Corporation from One Hundred Thirty Two Million Pesos (₱132,000,000.00) divided into Twenty Two Million (22,000,000) shares at Six Pesos (₱6.00) per share to Twenty Two Million Pesos (₱22,000,000.00) divided into Twenty Two Million (22,000,000) shares at One Peso (₱1.00) per share.
  - Resulting surplus from the reduction in par value to be credited to additional paid-in capital.
  - Offset of the Company's additional paid-in capital against the Company's deficit.
  - Reclassification of the Company's Class A common shares and Class B common shares into one class of common shares.

- Increase in the Company's authorized capital stock (after reduction in par value of the shares) from ₱22 million [divided into 22 million shares at One Peso (₱1.00) par value a share] to ₱200 million [divided into 200 million shares at One Peso (₱1.00) par value a share].

- Delegation to the Board of Directors the authority to look for new investors.

Together with the Board of Directors of AGPI, minority shareholders took the initiative of reviving the Company's status as a listed company. They assessed and identified investment opportunities and weighed various options geared towards finding a new investor. In 2008, through HDI Securities, Inc. (HDI), a group of investors who are clients of HDI pooled together a fund to invest in the Company. Initial investments of Fifteen Million Pesos (₱15,000,000.00) from the investors provided the Company with funds needed to pay off regulatory and statutory penalties that accumulated during its period of non-operations.

To carry out the plan to revive and re-instate AGPI, on 4 August 2008, the Board of Directors of the Company accepted the subscription by HDI, on behalf of its investors, amounting to ₱45 million

[consisting of 45 million shares at One Peso (₱1.00) par value a share] out of the Company's increase in authorized capital stock.

On 14 August 2008 and 9 September 2008, the Company received a total amount of ₱15 million from HDI, on behalf of its investors, as partial payment for subscriptions to the increase in the Company's authorized capital stock and is shown as "Deposits on subscriptions" account in the statements of financial position and statements of changes in equity.

On 28 October 2008, the Stockholders, representing 75% of the issued and outstanding shares of the Company, approved and ratified the following:

- Quasi-reorganization plan consisting of the following:

  - Reduction in par value from Six Pesos (₱6.00) per share to One Peso (₱1.00) per share.
  - Decrease in the authorized capital stock of the Corporation from One Hundred Thirty Two Million Pesos (₱132,000,000.00) divided into Twenty Two Million (22,000,000) shares at Six Pesos (₱6.00) per share to Twenty Two Million Pesos (₱22,000,000.00) divided into Twenty Two Million (22,000,000) shares at One Peso (₱1.00) per share.
  - Resulting surplus from the reduction in par value to be credited to additional paid-in capital.
  - Offset of the Company's additional paid-in capital against the Company's deficit.
  - Reclassification of the Company's Class A common shares and Class B common shares into one class of common shares.

- After the reduction in par value of the shares, amendment of the Company's Articles of Incorporation, as follows:

  - Increase in the Company's authorized capital stock (after reduction in par value of the shares) from ₱22 million [divided into 22 million shares at One Peso (₱1.00) par value a share] to ₱200 million (divided into 200 million shares at One Peso (₱1.00) par value a share].
  - Denial of pre-emptive rights.

In the said 28 October 2008 Stockholders' Meeting, stockholders representing 75% of the issued and outstanding shares of the Company, approved and ratified the plan of the Company, to be implemented through the Board of Directors, to issue subscriptions to investors, represented by HDI, via private placement. Stockholders representing the majority of the minority likewise approved the same.

The above quasi-reorganization and equity restructuring of the Company were approved by the Securities and Exchange Commission (SEC) on May 3, 2011. The capital increase was undertaken using the Fifteen Million Pesos (P 15,000,000.00) deposited for future subscriptions by the Investors as partial payment for subscriptions to Forty Five Million (45,000,000) Shares at the price of One Peso (P1.00) per share, which was the reduced par value of the shares upon the approval by the SEC of its quasi-reorganization plan. Upon approval of the capital increase, the Company's issued and outstanding shares stood at Sixty two million one hundred seventy thousand two hundred ninety three (62,170,293). The corresponding Subscription Agreements with the subscribers were executed by the Company on 16 May 2011 and the balance on the subscription price from the individual investors were received by the Company on 23 June 2011.

On 17 June 2011, the Board of Directors approved the sale and issuance, via private placement, of 136,678,651 shares of the Company at ₱1 par value a share to various investors.

The Board of Directors also approved the creation of several subsidiaries via investment in various corporations where the Company will own 100% of the outstanding capital stock of the said subsidiaries.

On 2, 5 and 23 September 2011, the Securities and Exchange Commission approved the issuance of the Certificate of Incorporation of Alta Minera Inc., Millionaire's Offices and Properties Inc. and Breccia

Resources Inc. as a mining and real estate corporation where the Company owns 100% of its outstanding capital stock.

On 22 September 2011, the Board of Directors authorized the Chairman to evaluate, negotiate and enter on behalf of the Company into contracts, agreements, joint-venture, partnership, co-development and co-investment with any third party for the Company's business expansion.

As a result, last 27 September 2011, the Company together with NiHao Mineral Resources Inc. (NiHao) executed a Heads of Agreement with Glencore International AG (Glencore) which was signed in Hong Kong.

The Heads of Agreement was executed to allow the Company, NiHao and Glencore to enter into a joint venture and technical partnership whereby each party shall utilize its expertise in the mining industry for purposes of investigating, identifying, acquiring, developing and operating mining claims of economically feasible nickel deposits in the Philippines for purposes of Direct Shipping / Selling Ore and other nickel mining businesses.

The accompanying financial statements have been prepared assuming the Company will continue operating as a going concern, and do not include any adjustments relating to the recoverability of asset carrying amounts and the amounts of liabilities that might result should the Company be unable to continue as going concern. The Company's management continues to assess investment opportunities and various options regarding operations that the Company may undertake in the future.

Authorization for the Issuance of the Financial Statements

The accompanying financial statements of the Company as of and for the nine months ended September 30, 2011 and 2010 were endorsed for approval by the Audit Committee on November 2, 2011 and authorized for issue by the Board of Directors on November 10, 2011.

2. Basis of Preparation and Consolidation and Statement of Compliance

Basis of Preparation

The accompanying financial statements of the Company have been prepared using the historical cost basis. The consolidated financial statements are presented in Philippine peso (Peso), which is the parent company's functional currency under Philippine Financial Reporting standards (PFRS). Amounts are rounded off to the nearest Peso unit, except when otherwise indicated.

Statement of Compliance

The accompanying consolidated financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS includes statements named PFRS and Philippine Accounting Standards (PAS), issued by the Financial Reporting Standards Council, and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council and adopted by SEC, including SEC pronouncements.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries as of September 30, 2011.

Subsidiaries are all incorporated in the Philippines and involved in real estate and mining activities.
The latest available financial statements of the subsidiaries are obtained and used for consolidation of balances. Alta Minera Inc. and Millionaire's Offices and Properties Inc are both on fiscal year starting from July 1 and ending on June 30 of the following year on the other hand, Breccia Resources Inc and the parent company uses the same reporting year, but all companies use consistent accounting policies. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognized in assets and liabilities, are eliminated in full. Unrealized losses are eliminated unless cost cannot be recovered.

Subsidiaries are fully consolidated from the date when control is transferred to the parent company. Control is achieved when the parent company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Consolidation of subsidiaries ceases when control is transferred out of the parent company. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income form the date of acquisition or up to the date of disposal, as appropriate.

The purchase method is used to account for the acquisition of subsidiaries by the parent company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the parent company's share of the net identifiable assets acquired is recorded as goodwill. If the cost or acquisition is less than the fair value of the parent company's share of the net assets of the subsidiary acquired, the difference is recognized directly in profit or loss.

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3. Summary of Significant Accounting Policies

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments and improvements to existing PAS, PFRS and Philippine Interpretations of IFRIC Interpretations as at January 1, 2011.

- Revised PAS 24, *Related Party Disclosures*
  The Standard has been revised to simplify the identification of related party relationship and re-balance the extent of disclosures of transactions between related parties based on the costs to preparers and the benefits to users in having this information available in financial statements. Also, the revised Standard provides a partial exemption from the disclosure requirements for government-related entities. The adoption of this revised Standard did not have any impact on the Company's financial position or performance.

- Amendment to PAS 32, *Financial Instruments: Presentation - Classification of Rights Issues*
  The definition of a financial liability in the Standard has been amended to classify right issues (and certain options or warrants) as equity instruments if: (a) the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments; and (b) the instruments are used to acquire fixed number of the entity's own equity instruments for a fixed amount in any currency. The adoption of this amendment did not have any impact on the Company's financial position or performance.

- Amendment to Philippine Interpretation IFRIC 14, *Prepayments of a Minimum Funding Requirement*
  The Interpretation has been amended to permit an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment should be applied to the beginning of the earliest period presented in the first financial statements in which the entity applied the original interpretation. The adoption of this amendment did not have any impact on the Company's financial position or performance.

- Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instrument*
  The Interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are consideration paid. As a result, the financial liability is derecognized and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The Interpretation states that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment. Any difference between the carrying amount of the financial liability that is extinguished and the fair value of the equity instruments issued is recognized immediately in

profit or loss. The Interpretation had no effect on either the Company's financial position or performance.

The adoption of these amendments to standards and new interpretations did not have any effect in the financial performance or position of the Company.

Improvements to PFRSs
The Financial Reporting Standards Council, or FRSC, approved during its meeting in May 2010 the adoption of Improvements to PFRSs, which were issued by the International Accounting Standards Board in May 2010. Improvements to PFRSs are an omnibus of amendments to standards that deal primarily with a view to remove inconsistencies and clarify wording. There are separate transitional provisions for each standard which are all effective beginning January 1, 2011. The adoption of the following amendments resulted in changes to the Company's accounting policies but had no impact on the Company's financial position or performance.

- PFRS 3, *Business Combinations*
  The improvements include: (a) clarification that the amendments to PFRS 7, *Financial Instruments: Disclosures*, PAS 32, *Financial Instruments: Presentation*, and PAS 39, *Financial Instruments: Recognition and Measurement*, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of PFRS 3 (as revised in 2008); (b) guidance that the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by PFRS; and (c) clarification that the application guidance in PFRS 3 applies to all share-based payment transactions that are part of a business combination, including un-replaced and voluntarily replaced share-based payment awards.

- PFRS 7, *Financial Instruments*
  The amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments.

- PAS 1, *Presentation of Financial Statements*
  The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

- PAS 27, *Consolidated and Separate Financial Statements*
  The improvement clarifies that the consequential amendments from PAS 27 made to PAS 21, *The Effect of Changes in Foreign Exchange Rates*, PAS 28, *Investments in Associates*, and PAS 31, *Interests in Joint Ventures*, apply prospectively for annual periods beginning on or after July 1, 2009, or earlier when PAS 27 is applied earlier.

- PAS 34, *Interim Financial Reporting*
  The amendment provides guidance on how to apply disclosure principles in PAS 34 and add disclosure requirements around: (a) the circumstances likely to affect fair values of financial instruments and their classification; (b) transfers of financial instruments between different levels of the fair value hierarchy; (c) changes in classification of financial assets; and (d) changes in contingent liabilities and assets.

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*
  The amendment clarifies the meaning of fair value in the context of measuring award credits under customer loyalty programmes.

New Accounting Standards and Interpretations to Existing Standards Effective Subsequent to September 30, 2011

The Company will adopt the following amended standards and Philippine Interpretations enumerated below when these become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on the financial statements.

Effective 2012
PAS 12, *Income Taxes - Deferred Tax: Recovery of Underlying Assets (Amended)*
The Amendment to PAS 12 is effective for annual periods beginning on or after January 1, 2012. It provides a practical solution to the problem of assessing whether recovery of an asset will be through use or sale. It introduces a presumption that recovery of the carrying amount of an asset will normally be through sale.

PFRS 7, *Financial Instruments: Disclosures - Disclosures - Transfers of Financial Assets (Amended)*
The Amendments to PFRS 7 are effective for annual periods beginning on or after July 1, 2011. The Amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitization), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The Amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Philippine Interpretation IFRIC 15, *Agreement for Construction of Real Estate*
The Interpretation, effective for annual periods beginning on or after January 1, 2012, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, Construction Contracts, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The adoption of this Philippine Interpretation will be accounted for retrospectively, and will result to restatement of prior period financial statements.

Effective 2013
PFRS 9, *Financial Instruments: Classification and Measurement*
PFRS 9, as issued in 2010, reflects the first phase of the work on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. The standard is effective for annual periods beginning on or after January 1, 2013. In subsequent phases, hedge accounting and derecognition will be addressed. The completion of this project is expected in early 2011. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

PFRS 10, *Consolidated Financial Statements*
PFRS 10 defines the principle of control and introduces a new approach to determining which investees should be consolidated in the consolidated financial statement. It further provides a single model to be applied in the control analysis for all investees and sets out the accounting requirements for the preparation of consolidated financial statements. PFRS 10 and PAS 27 (as amended in 2011) together will supersede PAS 27 (as amended in 2008) and Standards Interpretation Committee, or SIC 12, *Consolidation - Special Purpose Entities*. The standard is applied retrospectively for annual periods beginning on or after January 1, 2013, with certain exceptions. Earlier adoption is permitted provided that PFRS 11, *Joint Arrangements*, and PFRS 12, *Disclosure of Interests in Other Entities*, are applied simultaneously and with additional disclosure of the fact.

PFRS 11, *Joint Arrangements*
PFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal from. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities and elimination of proportionate consolidated method. PFRS 11 will supersede PAS

31, *Interests in Joint Ventures*, and SIC 13, *Jointly Controlled Entities - Non-monetary Contributions by Ventures*. The standard is applied retrospectively for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted provided that PFRS 10 and PFRS 12 are applied simultaneously and with additional disclosure of the fact.

PFRS 12, *Disclosure of Interests in Other Entities*
PFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities that enables the users of the financial statements to evaluate: (a) the nature of, and risks associated with, the interests in other entities; and (b) the effects of those interests on the financial position, financial performance and cash flows. The standard also evaluates the: (i) nature and extent of significant restrictions on its ability to access or use assets and settle liabilities of the group; (ii) nature of, and changes in, the risks associated with its interests in consolidated structured entities; (iii) nature and extent of its interests in unconsolidated structured entities, and nature of, and changes in, the risks associated with those interests; (iv) the nature, extent and financial effects of its interests in joint arrangements and associates, and the nature of the risks associated with those interests; (v) the consequences of changes in a parent's ownership interest in a subsidiary that do not result in a loss of control; and (vi) the consequences of losing control of a subsidiary during the reporting period.

PFRS 12 is applied retrospectively for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted provided that PFRS 10 and PFRS 11 are applied simultaneously and with additional disclosure of the fact.

PFRS 13, *Fair Value Measurement*
PFRS 13 sets out the definition of fair value as 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 with an emphasis that fair value is a market-based measurement, not an entity-specific measurement. PFRS 13 explains that a fair value measurement requires an entity to determine the following: (a) the particular asset or liability being measured; (b) for a nonfinancial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation technique(s) to use when measuring fair value. The valuation technique(s) used should maximize the use of relevant observable inputs and minimize unobservable inputs. Those inputs should be consistent with the inputs that a market participant would use when pricing the asset or liability. PFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

Revised PAS 27, *Separate Financial Statements*
The standard has been revised as a result of the issuance of PFRS 10, PFRS 11 and PFRS 12. The revised standard provides the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements and requires an entity preparing separate financial statements to account for those investments at cost or in accordance with PFRS 9. The standard is issued concurrently with PFRS 10 and together, the two PFRSs will supersede PAS 27 (as amended in 2008) and SIC 12. Revised PAS 27 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted provided that PFRS 10, PFRS 11, PFRS 12 and PAS 28 (as amended in 2011) are applied simultaneously and with additional disclosure of the fact.

Revised PAS 28, *Investments in Associates and Joint Ventures*
The standard has been revised as a result of the issuance of PFRS 10, PFRS 11 and PFRS 12. The revised standard prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. Equity method is defined in the revised standard as a method of accounting whereby the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. This standard supersedes PAS 28 (as revised in 2003). Revised PAS 28 is effective for annual periods beginning on or after January 1, 2013. Earlier

adoption is permitted provided that PFRS 10, PFRS 11, PFRS 12 and PAS 27 (as amended in 2011) are applied simultaneously and with additional disclosure of the fact.

Cash and Cash Equivalents

Cash represents cash in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

Financial Instruments

The policies on financial instruments are as follows:

Date of recognition

The Company recognizes a financial asset or a financial liability in the statement of financial position 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.

Initial recognition of financial instruments

All financial assets are initially recognized at fair value. Except for securities at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs. The Company classifies its financial assets in the following categories: securities at FVPL, held-to-maturity (HTM) investments, available-for-sale (AFS) investments, and loans and receivables. The Company also classifies its financial liabilities at FVPL and other financial liabilities. 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 investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. 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.

Determination of fair value

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

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

Day 1 profit

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a 'Day 1' profit) in the statement of income under "Interest income" or "Interest expense" unless it qualifies for recognition as some other type of asset or liability. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' profit amount.

Financial assets at FVPL
Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition as at FVPL.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivates, are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Fair value gains or losses on investments held for trading, net of interest income accrued on these assets, are recognized in the statement of income. Interest earned or incurred is recorded in "Interest income" or "Interest expense" while dividend income is recorded when the right of payments has been established.

Financial assets may be designated at initial recognition at FVPL if any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis;

- The assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or

- The financial instrument contains an embedded derivative that would need to be separately recorded.

As of September 30, 2011 and December 31, 2010, the Company had no financial assets at FVPL.

HTM investments
HTM investments are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Company's management has the positive intention and ability to hold to maturity. Where the Company sells other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified as AFS financial assets. After initial measurement, these investments are measured at amortized cost using the effective interest rate method, less impairment in value. 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 is included in interest income in the statement of income. Gains and losses are recognized in income when the HTM investments are derecognized or impaired, as well as through the amortization process. The losses arising from impairment of such investments are recognized in the statement of income.
HTM investments are included in current assets if expected to be realized within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

As of September 30, 2011 and December 31, 2010, the Company had no HTM investments.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL. This accounting policy relates to the statement of financial position captions "Cash and cash equivalents" and receivables from officers and employees under "Other current assets".

Loans and receivables are recognized initially at fair value, which normally pertains to the billable amount. After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less any 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 reported as "Interest income"

account in the statement of income. The losses arising from impairment of such loans and receivables are recognized in the statement of income as provision for doubtful accounts.

Loans and receivables are included in current assets if maturity is within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

AFS financial assets

AFS financial assets are those which are designated as such or do not qualify to be classified as designated as FVPL, HTM, or loans and receivables. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. AFS financial assets include equity investments.

After initial measurement, AFS financial assets are measured at fair value. The unrealized gains or losses arising from the fair valuation of AFS financial assets are recognized in the statement of comprehensive income and are reported as "Net unrealized gain (loss) on available-for-sale financial assets" (net of tax where applicable) in the equity section of the statement of financial position.

When the security is disposed of, the cumulative gain or loss previously recognized in equity is recognized in the statement of income under "Other income" or "Other charges". Where the Company holds more than one investment in the same security, the cost is determined using the weighted average method. Interest earned on holding AFS financial assets is reported as interest income using the effective interest rate. Dividends earned on holding AFS financial assets are recognized under "Other income" in the statement of income when the right to receive payment is established. The losses arising from impairment of such investments are recognized in the statement of income as provision for impairment losses.

When the fair value of AFS financial assets cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, these investments are carried at cost, less any allowance for impairment losses.

AFS financial assets are included in current assets if maturity is within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

As of September 30, 2011 and December 31, 2010, the Company had no AFS investments.

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 Company 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 its own equity shares. The components of issued financial instruments 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. Any effects of restatement of foreign currency-denominated liabilities are recognized in the statement of income.

This accounting policy applies primarily to the Company's accounts and other payables (other than liabilities covered by other accounting standards, such as income tax payable).

Derivative Financial Instruments

Derivative instruments (including bifurcated embedded derivatives) are initially recognized at fair value on the date in which a derivative transaction is entered into or bifurcated, and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the statement of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivative financial instruments also include bifurcated embedded derivatives. An embedded derivative is separated from the host financial or nonfinancial contract and accounted for as derivative if all the following conditions are met:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristic of the host contract;
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- The hybrid or combined instrument is not recognized at fair value through profit or loss.

The Company assesses whether embedded derivatives are required to be separated from host contract when the Company first becomes a party to the contract. Reassessment of embedded derivatives is only done when there are changes in the contract that significantly modifies the contractual cash flows.

For bifurcated embedded derivatives in financial contracts that are not designated or do not qualify as hedges, changes in the fair values of such transactions are recognized in the statements of comprehensive income.

As of September 30, 2011 and December 31, 2010, the Company had no derivative financial instruments.

Derecognition of Financial Assets and Liabilities

Financial asset

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

- the right to receive cash flows from the asset has expired;

- the Company retains the right to receive cash flows from the asset, but has assumed as obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Company has transferred its right 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 the risk and rewards of the asset but has transferred the control of the asset.

Where the Company 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 Company'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 Company could be required to repay.

Financial liability

A financial liability is derecognized when the obligation under the liability is discharged, 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 the statement of income.

Impairment of Financial Assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the

borrower or a group of borrowers 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.

Loans and receivables
For loans and receivables carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. 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 for impairment.

If there is objective evidence that an impairment loss 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account and the amount of the loss is recognized in the statement of income under "Provision for doubtful accounts". Interest income continues to be recognized based on the original effective interest rate of the asset. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

In relation to receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.
For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

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

AFS financial assets
For AFS financial assets, the Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

In the case of equity investments classified as AFS financial assets, impairment would include a significant or prolonged decline in the fair value of the investments below its cost. "Significant" is to be evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment loss, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of income) is removed from other comprehensive income and recognized in the statement of income. Impairment losses on equity investments are not reversed through the statement of income. Increases in their fair value after impairment are recognized directly in the statement of comprehensive income.

In the case of debt instruments classified as AFS, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of interest income in the statement of income. If, in subsequent year, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of income, the impairment loss is reversed through the statement of income.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of Nonfinancial Assets
The Company assesses as at reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use or its net selling price and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in the statements of income in those expense categories consistent with the function of the impaired asset.
An assessment is made at each reporting date as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of income unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Provisions
Provisions are recognized when, and only when the Company has a present obligation (legal or constructive) as a result of past event, it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material,

the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Contingencies
Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Equity
Common stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. Proceeds and/or fair value of considerations received in excess of par value are recognized as additional paid-in capital.

Deficit represents net accumulated losses.

Revenue Recognition
Provided that it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably, interest income from bank deposits and short-term investments is recognized on a time proportion basis on the principal outstanding and at the rate applicable.

Expenses
Direct operating expenses are recognized as they are incurred.

Income Taxes
Current tax
Current tax assets and 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 are enacted or substantively enacted as at the end of the reporting period.

Deferred tax
Deferred income tax is provided using the liability method on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is 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. Movements in the deferred income tax assets and liabilities arising from charges in tax rates are charged against or credited to income for the period.

Income tax relating to items recognized in other comprehensive income account is included in the statement of comprehensive income and not in the statement of income.

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

Value Added Tax

Revenues, expenses and assets are recognized net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of other current assets or payables in the statement of financial position.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Key management personnel are considered related parties.

Events After the Reporting Date

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

Loss Per Share

Loss per share is computed by dividing net loss by the weighted average number of shares issued and outstanding during the period and adjusted to give retroactive effect to any stock dividends declared during the period.

4. Significant Accounting Judgments and Estimates

The preparation of the accompanying financial statements of the Company in compliance with PFRS requires the Company to make judgments and estimates that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates, and such estimates will be adjusted accordingly.

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

The Company believes that the following represent a summary of these significant judgments, estimates and assumptions and related impact and associated risks in its financial statements.

Judgments

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

Determining functional currency
Based on the economic substance of underlying circumstances relevant to the Company, the functional currency has been determined to be the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Company operates and it is the currency that mainly influences the prices of products and services and the cost of providing such products and services.

Assessing realizability of deferred tax assets
The Company reviews the carrying amounts of deferred income taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Company will generate sufficient taxable income to allow all or part of deferred tax assets to be utilized. The Company looks at its projected performance in assessing the sufficiency of future taxable income (see Note 9).

Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating allowance for doubtful accounts
The Company maintains allowance for doubtful accounts based on the result of the individual and collective assessment under PAS 39. Under the individual assessment, the Company is required to obtain the present value of estimated cash flows using the receivable's original effective interest rate. Impairment loss is determined as the difference between the receivables, carrying balance and the computed present value. The collective assessment would require the Company to group its receivables based on the credit risk characteristics (industry, customer type, customer location, past-due status and term) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year (see Note 5).

Impairment of nonfinancial assets
The Company assesses the impairment of assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant under performance 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 recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset 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.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Company is required to make estimates and assumptions that can materially affect the financial statements (see Note 5).

Provisions
The Company provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle the said obligations. Management exercises judgment in assessing the probability of the Company becoming liable. An estimate of the provision is based on known information at the reporting date. The amount of provision is being reassessed at least on an annual basis to consider new and relevant information.

No provision has been recorded as of September 30, 2011 and December 31, 2010.

Fair value of financial instruments
PFRS requires certain financial assets and liabilities to be carried at fair value, which requires use of extensive accounting estimates and judgments. Where the fair values of financial assets and financial liabilities recorded in the statement of financial position or disclosed in the notes to the financial statements cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation.

5. Other Current Assets

Other current assets consist of:

	September 30, 2011 (Unaudited)	December 31, 2010 (Audited)
Receivables from officers and employees	**₱265,916**	₱265,916
Creditable withholding tax	**976,601**	976,601
Input value-added tax	**597,789**	560,589
Deferred Input value-added tax	**28,800**	
	1,869,106	1,803,106
Less:		
Allowance for doubtful accounts	**265,916**	265,916
Allowance for probable losses	**1,038,602**	1,038,602
	1,304,518	1,304,518
	₱564,588	₱498,588

The receivables from officers and employees have been fully provided for. These receivables, which generally are for business purposes, are liquidated within a 30-day period.

Input value-added tax is to be deducted against future output value-added tax.

There was no movement in the allowance for impairment losses for the periods ended September 30, 2011 and December 31, 2010.
The allowance for impairment losses as of September 30, 2011 and December 31, 2010 consists of:

	Receivables from Officers and Employees	Creditable Withholding Tax	Input Value-Added Tax	Total
Balances, September 30, 2011 and December 31, 2010	₱265,916	₱976,601	₱62,001	₱1,304,518

6. Accounts and other payables

Accounts and other payables consist of:

	September 30, 2011 (Unaudited)	December 31, 2010 (Audited)
Accrued professional fees	**₱2,002,700**	₱1,748,500
Others	**354,987**	2,840,087
	₱2,357,687	₱4,588,587

Accrued professional fees represent accruals for administrative, audit and other services, and are payable on demand.

7. Capital Stock

The details of the number of shares follow:

	Number of Shares	
	September 30, 2011 (Unaudited)	December 31, 2010 (Audited)
Common stock - ₱1 par value		
Authorized	**200,000,000**	–
Issued	**63,321,349**	–
Subscribed	**136,678,651**	–
Total outstanding	**200,000,000**	–
Class A - ₱6 par value		
Authorized	**–**	16,500,000
Issued	**–**	14,028,761
Class B - ₱6 par value		
Authorized	**–**	5,500,000
Issued	**–**	4,292,588

On May 3, 2011, the Securities and Exchange Commission (SEC) approved the decrease in the Company's authorized capital stock from ₱132,000,000 (divided into 16,500,000 Class A and 5,500,000 Class B common shares both with par value of ₱6 a share) to ₱22,000,000 (divided into 22,000,000 common shares with a par value of ₱1 a share). On the same date, the SEC also approved the increase in the Company's authorized capital stock from ₱22,000,000 (divided into 22,000,000 shares with a par value of ₱1 a share) to ₱200,000,000 (divided into 200,000,000 shares with par value of ₱1 a share).The capital increase was undertaken using the Fifteen Million Pesos (P 15,000,000.00) deposited for future subscriptions by the Investors as partial payment for subscriptions to Forty Five Million (45,000,000) Shares at the price of One Peso (P1.00) per share, which was the reduced par value of the shares upon the approval by the SEC of its quasi-reorganization plan. Upon approval of the capital increase, the Company's issued and outstanding shares stood at Sixty two million one hundred seventy thousand two hundred ninety three (62,170,293). The corresponding Subscription Agreements with the subscribers were executed by the Company on 16 May 2011 and the balance on the subscription price from the individual investors were received by the Company on 23 June 2011.

On 17 June 2011, the Board of Directors approved the sale and issuance, via private placement, of 136,678,651 shares of the Company at ₱1 par value a share to various investors.

8. Quasi-Reorganization/Increase in Authorized Capital Stock

On August 4, 2008, the Board of Directors of the Company approved the following:

- Quasi-reorganization consisting of the following:

- Reduction in par value from Six Pesos (₱6.00) per share to One Peso (₱1.00) per share.
- Decrease in the authorized capital stock of the Corporation from One Hundred Thirty Two Million Pesos (₱132,000,000.00) divided into Twenty Two Million (22,000,000) shares at Six Pesos (₱6.00) per share to Twenty Two Million Pesos (₱22,000,000.00) divided into Twenty Two Million (22,000,000) shares at One Peso (₱1.00) per share.
- Resulting surplus from the reduction in par value to be credited to additional paid-in capital.
- Offset of the Company's additional paid-in capital against the Company's deficit.
- Reclassification of the Company's Class A common shares and Class B common shares into one class of common shares.

- Increase in the Company's authorized capital stock (after reduction in par value of the shares) from ₱22 million [divided into 22 million shares at One Peso (₱1.00) par value a share] to ₱200 million [divided into 200 million shares at One Peso (₱1.00) par value a share].

- Delegation to the Board of Directors the authority to look for new investors.

Together with the Board of Directors of AGPI, minority shareholders took the initiative of reviving the Company's status as a listed company. They assessed and identified investment opportunities and weighed various options geared towards finding a new investor. In 2008, through HDI Securities, Inc. (HDI), a group of investors who are clients of HDI pooled together a fund to invest in the Company. Initial investments of Fifteen Million Pesos (₱15,000,000.00) from the investors provided the Company with funds needed to pay off regulatory and statutory penalties that accumulated during its period of non-operations.

To carry out the plan to revive and re-instate AGPI, on 4 August 2008, the Board of Directors of the Company accepted the subscription by HDI, on behalf of its investors, amounting to ₱45 million [consisting of 45 million shares at One Peso (₱1.00) par value a share] out of the Company's increase in authorized capital stock.

On 14 August 2008 and 9 September 2008, the Company received a total amount of ₱15 million from HDI, on behalf of its investors, as partial payment for subscriptions to the increase in the Company's authorized capital stock and is shown as "Deposits on subscriptions" account in the statements of financial position and statements of changes in equity.

On 28 October 2008, the Stockholders, representing 75% of the issued and outstanding shares of the Company, approved and ratified the following:

- Quasi-reorganization plan consisting of the following:

  - Reduction in par value from Six Pesos (₱6.00) per share to One Peso (₱1.00) per share.
  - Decrease in the authorized capital stock of the Corporation from One Hundred Thirty Two Million Pesos (₱132,000,000.00) divided into Twenty Two Million (22,000,000) shares at Six Pesos (₱6.00) per share to Twenty Two Million Pesos (₱22,000,000.00) divided into Twenty Two Million (22,000,000) shares at One Peso (₱1.00) per share.
  - Resulting surplus from the reduction in par value to be credited to additional paid-in capital.
  - Offset of the Company's additional paid-in capital against the Company's deficit.
  - Reclassification of the Company's Class A common shares and Class B common shares into one class of common shares.

- After the reduction in par value of the shares, amendment of the Company's Articles of Incorporation, as follows:

  - Increase in the Company's authorized capital stock (after reduction in par value of the shares) from ₱22 million [divided into 22 million shares at One Peso (₱1.00) par value a share] to ₱200 million (divided into 200 million shares at One Peso (₱1.00) par value a share].
  - Denial of pre-emptive rights.

In the said 28 October 2008 Stockholders' Meeting, stockholders representing 75% of the issued and outstanding shares of the Company, approved and ratified the plan of the Company, to be implemented through the Board of Directors, to issue subscriptions to investors, represented by HDI, via private placement. Stockholders representing the majority of the minority likewise approved the same.

The above quasi-reorganization and equity restructuring of the Company were approved by the Securities and Exchange Commission on May 3, 2011. The capital increase was undertaken using the Fifteen Million Pesos (P 15,000,000.00) deposited for future subscriptions by the Investors as partial payment for subscriptions to Forty Five Million (45,000,000) Shares at the price of One Peso (P1.00) per share, which was the reduced par value of the shares upon the approval by the SEC of its quasi-reorganization plan. Upon approval of the capital increase, the Company's issued and outstanding shares stood at Sixty two million one hundred seventy thousand two hundred ninety three (62,170,293). The corresponding Subscription Agreements with the subscribers were executed by the Company on 16 May 2011 and the balance on the subscription price from the individual investors were received by the Company on 23 June 2011.

9. Income Taxes

The Company has deductible temporary differences that are available for offset against future taxable income for which the deferred tax assets have not been recognized. These deductible temporary differences with no deferred tax assets recognized in the financial statements are as follows:

	September 30, 2011 (Unaudited)	December 31, 2010 (Audited)
Deferred tax assets on:		
Allowance for:		
Doubtful accounts	**₱79,775**	₱79,775
Probable losses	**311,581**	311,581
NOLCO	**3,313,586**	1,532,343
	₱3,704,942	₱1,923,699

The Company has not recognized the above deferred tax assets as deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used. The Company will recognize previously unrecognized deferred tax asset to the extent that it becomes probable that future taxable income will allow the deferred tax asset to be recovered.

As of September 30, 2011, the Company's carryover NOLCO that can be claimed as deduction against future taxable income are as follows:

Taxable Period Ended	Amount	Tax Benefit	Expiry Date
September 30, 2011	₱5,937,478	₱1,781,243	January 1, 2015
December 31, 2010	3,417,300	1,025,190	January 1, 2014
December 31, 2009	827,376	248,213	January 1, 2013
December 31, 2008	863,133	258,940	January 1, 2012
	₱11,045,287	₱3,313,586	

The movements of the Company's NOLCO are as follows:

	September 30, 2011 (Unaudited)	December 31, 2010 (Audited)
Balance at beginning of period	**₱5,107,809**	₱2,265,009
Additions	**5,937,478**	3,417,300
Expirations	**–**	(574,500)
Balance at end of period	**₱11,045,287**	₱5,107,809

A reconciliation between the benefit from income tax at statutory income tax rate and the provision for income tax follows:

	Nine Months Ended September 30 (Unaudited)	
	2011	2010
Benefit from income tax at statutory income tax rate	**(₱1,816,649)**	(₱126,676)
Tax effects of:		
Interest income taxed at a lower rate	**(39,821)**	(30,033)
Unrecognized deferred tax assets	**1,781,243**	216,774
Provision for income tax	**₱75,227**	₱60,065

The provision for income tax for the periods ended September 30, 2011 and 2010 represents the final tax on interest income.

The Company is not subject to MCIT as the Company has no taxable gross income.

10. Financial Instruments

Fair Value Information

The following tables set forth the carrying values and estimated fair values of the Company's financial assets and liabilities recognized as of September 30, 2011 and December 31, 2010:

	September 30, 2011 (Unaudited)		December 31, 2010 (Audited)	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Cash and cash equivalents	**₱67,030,073**	**₱67,030,073**	₱10,353,249	₱10,353,249
Interest Receivable	**13,570**	**13,570**		
Receivables from officers and employees	**265,916**	**–**	265,916	–
Total Financial Assets	**₱67,309,559**	**₱67,043,643**	₱10,619,165	₱10,353,249
Financial Liabilities				
Accounts and other payables:				
Accrued professional fees	**₱2,002,700**	**₱2,002,700**	₱1,748,500	₱1,748,500
Others	**354,987**	**354,987**	2,840,087	2,840,087
Total Financial Liabilities	**₱2,357,687**	**₱2,357,687**	₱4,588,587	₱4,588,587

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Financial Assets

The fair values of cash and cash equivalents and receivables approximate their carrying amounts due to the relatively short-term maturities of these assets.

Financial Liabilities

The fair values of accounts and other payables are approximately equal to their carrying amounts due to the short-term nature of these transactions.

Fair Value Hierarchy

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or 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; and
Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Risk Management and Financial Instruments

General
The BOD of the Company is ultimately responsible for the oversight of the Company's risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks.

The risk management framework encompasses environmental scanning, the identification and assessment of business risks, development of risk management strategies, design and implementation of risk management capabilities and appropriate responses, monitoring risks and risk management performance, and identification of areas and opportunities for improvement in the risk management process.

Compliance with the principles of good corporate governance is also one of the objectives of the BOD.

Financial Risk Management Objectives and Policies
The Company's principal financial instruments other than derivatives, comprise of cash and cash equivalents. The main purpose of these financial instruments is to raise fund for the Company's operations. The Company has various other financial assets and liabilities such as receivables from officers and employees and accounts and other payables which arise directly from its operations.

The main risks arising from the Company's financial instruments are liquidity risk and credit risk. The BOD reviews and agrees policies for managing each of these risks.

The Company's risk management policies are summarized below:

Liquidity risk
Liquidity risk is the risk arising from the shortage of funds due to unexpected events or transactions. The Company actively manages its liquidity profile so as to ensure that all operating, investing and financing needs are met. The Company addresses liquidity concerns through cash flows from operations and borrowings from related parties.

The Company seeks to manage its liquidity profile to be able to service its maturing obligations and to finance capital expenditures. The Company maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows. It also continually assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include bank loans and capital market issues.

The following table shows the maturity profile of the Company's financial liabilities as of September 30, 2011 and December 31, 2010 based on undiscounted contractual payments:

	September 30, 2011 (Unaudited)		
	< 1 Year	**> 1 - 5 Years**	**Total**
Accrued professional fees	**₱2,002,700**	**₱–**	**₱2,002,700**
Others	**354,987**	**–**	**354,987**

	₱2,357,687	**₱–**	**₱2,357,687**

	December 31, 2010 (Audited)		
	< 1 Year	> 1 - 5 Years	Total
Accrued professional fees	₱1,748,500	₱–	₱1,748,500
Others	2,840,087	–	2,840,087
	₱4,588,587	₱–	₱4,588,587

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily from cash and cash equivalents and receivables from officers and employees).

The Company manages its credit risk by transacting with counterparties of good financial condition. Receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is not significant. Management closely monitors the fund and financial condition of the Company. Funds are normally deposited with banks with high credit standing. These strategies, to an extent, mitigate the Company's counterparty risk.

The table below shows the maximum exposure to credit risk for the components of the statements of financial position as of September 30, 2011 and December 31, 2010. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

	September 30, 2011 (Unaudited)	December 31, 2010 (Audited)
Cash and cash equivalents	**₱67,030,073**	₱10,353,249
Interest Receivable	**13,570**	
Receivables from officers and employees	**265,916**	265,916
Total financial assets	**₱67,309,559**	₱10,619,165

The table below shows the credit quality of financial assets as of September 30, 2011 and December 31, 2010.

	September 30, 2011 (Unaudited)				
	Neither Past Due nor Impaired				
	High Grade	**Medium Grade**	**Past Due but not Impaired**	**Impaired Financial Assets**	**Total**
Cash and cash equivalents	**₱67,030,073**	**₱**	**₱–**	**₱**	**₱60,771,574**
Interest Receivable	**13,570**				**13,570**
Receivables from officers and employees	**–**	**–**	**–**	**265,916**	**265,916**
	₱67,043,643	**₱–**	**₱–**	**₱265,916**	**₱67,309,559**

	December 31, 2010 (Audited)				
	Neither Past Due nor Impaired				
	High Grade	Medium Grade	Past Due but not Impaired	Impaired Financial Assets	Total

Cash and cash equivalents	₱10,353,249	₱–	₱–	₱–	₱10,353,249
Receivables from officers and employees	–	–	–	265,916	265,916
	₱10,353,249	₱–	₱–	₱265,916	₱10,619,165

The credit quality of the financial assets was determined as follows:

High grade pertains to counterparty who is not expected by the Company to default in settling its obligations, thus credit risk exposure is minimal.

Medium grade pertains to other financial assets from counterparties with average capacity to meet their obligations.

11. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

The Company's dividend declaration is dependent on availability of earnings and operating requirements. The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the periods ended September 30, 2011 and December 31, 2010.