

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17 – Q

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

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

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

	<u>June 30 2014</u>	<u>Dec.31,2013</u>
Current Ratio	1.18 : 1	1.26 : 1
<u>Current Assets</u>	<u>27,266,253</u>	<u>29,176,129</u>
Current Liabilities	23,157,204	23,209,226
Asset to Equity Ratio	1.65 : 1	1.65 : 1
<u>Total Assets</u>	<u>985,781,128</u>	<u>985,232,788</u>
Stockholders Equity	598,679,587	598,079,224
Debt to Equity Ratio	0.65 : 1	0.66 : 1
<u>Total Liabilities</u>	<u>387,101,541</u>	<u>387,153,564</u>
Stockholders Equity	598,679,587	598,079,224
Equity to Debt Ratio	1.55 : 1	1.52 : 1
<u>Stockholders Equity</u>	<u>598,679,587</u>	<u>598,079,224</u>
Total Liabilities	387,101,541	387,153,564
Book Value per Share	P 1.00	P 0.98
<u>Stockholders Equity</u>	<u>598,679,587</u>	<u>589,079,224</u>
Total # of Shares	600,000,000	600,000,000
Earnings/(Loss) per Share	(P 0.003)	P 0.0006
<u>Net Income (Loss)</u>	<u>(1,737,278)</u>	<u>361,870</u>
Total # of Shares	600,000,000	600,000,000

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

The Company is preparing for its intended acquisition by National Book Store, Inc. (NBS) for purposes of listing with the Exchange. It is well to note that NBS has recently subscribed to 850,000,000 shares from the increase in authorized capital stock of the Corporation. However, the said increase is still subject to the approval of the SEC.

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

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

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

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

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

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

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

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

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

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

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

Credit Risk

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

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

Liquidity Risk

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

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

Interest Rate Risk

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

Equity Price Risk

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

Financial instruments

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

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

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

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

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

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

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

Financial Soundness Indicators

	June 30, 2014	June 30, 2013
<i>Current Liquidity Ratios</i>		
Current Ratios	1.18:1	0.08:1
Quick Ratios	1.18:1	0.08:1
<i>Solvency Ratios</i>	2.55:1	2.41:1
<i>Debt-to-equity Ratios</i>	0.65:1	0.71
<i>Asset-to-equity Ratios</i>	1.65:1	1.71:1
<i>Interest Rate Coverage Ratios</i>	0	314.53
<i>Profitability Ratios</i>		
Gross Profit Margin	0%	0%
Net Profit Margin	0%	0%

PART II - OTHER INFORMATION

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

SIGNATURES

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

Issuer VULCAN INDUSTRIAL & MINING CORPORATION



CHRISTOPHER M. GOTANCO

Vice-Chairman/COO and Chief
Corporate Information Officer

Date 08/14/2014

VULCAN INDUSTRIAL AND MINING CORPORATION
STATEMENT OF FINANCIAL POSITION

ASSETS	Unaudited 30-Jun-14	Audited 31-Dec-13
Current Assets		
Cash	246,982	986,195
Receivables	1,374,717	1,174,717
Due from related parties	25,590,245	26,960,909
Other current assets	54,308	54,308
Total Current Assets	27,266,251	29,176,129
Non Current Assets		
Available-for-sale (AFS) investments	12,302,807	9,965,165
Property and Equipment	87,863	87,863
Deferred exploration costs	946,124,207	946,003,631
Total Non Current Assets	958,514,876	956,056,659
TOTAL ASSETS	985,781,128	985,232,788
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	11,797,743	11,800,474
Due to related parties	3,405,348	1,601,741
Subscriptions payable	6,529,858	6,529,858
Retirement benefit obligation	1,424,254	3,223,546
Income Tax Payable	-	53,607
Total Current Liabilities	23,157,203	23,209,226
Non Current Liabilities		
Deposits for future stock subscriptions	363,944,338	363,944,338
Total Non Current Liabilities	363,944,338	363,944,338
TOTAL LIABILITIES	387,101,541	387,153,564
EQUITY		
Capital Stock	600,000,000	600,000,000
Additional paid in capital	6,543,612	6,543,612
Net unrealized valuation gains on AFS investments	28,838,602	26,500,960
Actuarial gain (loss) on retirement benefit plan	2,226,460	2,226,460
Deficit	(38,929,087)	(37,191,808)
TOTAL EQUITY	598,679,587	598,079,224
TOTAL LIABILITIES AND EQUITY	985,781,128	985,232,788

VULCAN INDUSTRIAL AND MINING CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

	Unaudited Jan. to June 2014	Unaudited Apr. to June 2014	Unaudited Jan. to June 2013	Unaudited Apr. to June 2013
REVENUE				
Dividend income	65,237.81	-	115,238	115,238
General and Administrative expenses	1,802,516	747,471	2,916,471	909,259
Other income (Charges)				
Gain on sale of AFS	-	-	2,080,053	2,980,053
Gain on sale of treasury stock	-	-	6,011,875	
Interest expense	-	-	(19,606)	(19,606)
Loss on sale of treasury stock	-	-	(4,276)	(4,276)
	-	-	8,968,046	2,956,171
Income from continuing operations before income tax	(1,737,278)	(747,471)	6,166,813	2,162,150
Provision for current income tax	-	-	-	-
Income from continuing operations after tax	(1,737,278)	(747,471.17)	6,166,813	2,162,150
Loss from discontinued operations after tax			-	-
Net Income	(1,737,278)	(747,471.17)	6,166,813	2,162,150
Other Comprehensive Income/Loss				
Net unrealized gains/(losses) on AFS investment	2,337,642	396,090	-	-
Total Other comprehensive Income/(Loss)	2,337,642	396,090	-	-
Total Comprehensive Income/(Loss)	600,364	(351,381)	6,166,813	2,162,150
Earnings/(Loss) per share was computed as follows:	Jan. to June 2014	Jan. to June 2013		
Net Income/(Loss) Attributable to Equity	(1,737,278)	6,166,813		
Weighted Average Number of Shares	600,000,000	600,000,000		
Earnings/(Loss) Per Share	(0.003)	0.010		

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Balances, at January 1		
Capital Stock	600,000,000	600,000,000
Treasury Stock	-	(5,837,398)
Additional Paid-in capital	6,543,612	531,737
Net unrealized valuation gain/(loss) on available for sale (AFS) Investment	28,838,602	26,652,093
Actuarial gain/(loss) on retirement benefit plan	2,226,460	
Deficit, beginning	(37,191,808)	(35,327,218)
Add: Net Income/(Loss) during the period	(1,737,278)	6,166,813
Sale of treasury shares	-	5,837,398
Balances, at June 30	<u>598,679,588</u>	<u>598,023,425</u>

VULCAN INDUSTRIAL & MINING CORPORATION
STATEMENTS OF CASH FLOWS

	FOR THE PERIOD			
	Jan. 1 to June 30 2014	Apr. 1 to June 30 2014	Jan. 1 to June 30 2013	Apr. 1 to June 30 2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income/(Loss)	(1,737,279)	(682,234)	6,166,813	2,162,150
Loss from discontinued operations before income tax				
Adjustment to reconcile net income to net cash provided by (used in) operating activities:				
Depletion, Depreciation and amortization	-	-	4,088	2,045
Changes in operating assets & liabilities				
Decrease (increase) in:				
Accounts Receivable-net	(200,000)	(120,000)	150,109	(65,197)
Due from Related Parties	1,370,664	370,664	(7,779,300)	(465,088)
Prepaid expenses and other current assets	0	-	(320,727)	(11,691)
Increase (decrease) in:				
Accounts payable and accrued expenses	(2,731)	(654)	(936,729)	(525,216)
Payable to related parties	1,803,607	1,803,607	32,525,592	16,352,646
Income Tax Payable	(53,607)	(53,607)	-	-
Retirement benefits	(1,799,292)	(1,299,575)	(2,189,039)	-
Net cash used in operating activities	(618,637)	18,200	27,620,807	17,449,647
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in:				
Deferred exploration cost and other charges	(120,575)	(120,575)	(33,040,681)	(16,510,808)
Decrease in available-for-sale (AFS) financial assets	-	-	3,899,000	3,899,000
Net cash used in investing activities	(120,575)	(120,575)	(29,141,681)	(12,611,808)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from sales of treasury stocks	-	-	5,837,397	-
Changes in unrealized valuation gain (loss) on AFS	-	-	(3,021,000)	(3,021,000)
Net cash provided by financing activities	-	-	2,816,397	(3,021,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(739,213)	(102,375)	1,295,523	1,816,839
CASH AND CASH EQUIVALENTS, BEGINNING	986,195	349,358	748,345	227,029
CASH AND CASH EQUIVALENTS, END	<u>246,982</u>	<u>246,982</u>	<u>2,043,868</u>	<u>2,043,868</u>

NOTES TO FINANCIAL STATEMENTS

Corporate Information

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

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

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

Status of operations

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

The Company has incurred cumulative losses from operations resulting in a deficit amounting to P38.9 million as of June 30, 2014. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as going concern. However, Management is confident that with the renewed interest in mining and oil and gas industry and the continuing support of related parties, the going concern issue will be resolved favorably.

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

Basis of preparation

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

Statement of compliance

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

PFRS 9

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

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

Accounting Estimates and Assumptions

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

Impairment of loans and receivables

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

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

Impairment of AFS financial assets

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

Impairment of other current assets

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

Estimating useful lives of property and equipment

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

Recoverability of deferred exploration costs

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

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

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

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

Impairment of non-financial assets

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

Valuation of financial assets and financial liabilities

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

Estimating retirement benefits cost

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

Cash and Cash Equivalents

	June 30, 2014	December 31, 2013
Cash on hand and in bank	246,982	986,195
Cash equivalents	-	-
	<u>246,982</u>	<u>986,195</u>

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

Receivables

	June 30, 2014	December 31, 2013
Unimpaired	1,374,717	1,174,717
Impaired	<u>3,948,300</u>	<u>3,948,300</u>
	5,203,017	5,123,017
Less: allowance for impairment losses	<u>3,948,300</u>	<u>3,948,300</u>
	<u>1,374,717</u>	<u>1,174,717</u>

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

Other Current Assets

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

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

AFS Financial Assets

	June 30, 2014	December 31, 2013
Investment in quoted shares of stocks of:		
Philodrill	5,281,208	4,621,057
Other quoted equity securities	<u>6,947,314</u>	<u>5,269,823</u>
	12,228,522	9,890,880
Investment in unquoted shares of stocks of:		
Other unquoted equity investments	<u>74,285</u>	<u>74,285</u>
	<u>12,302,807</u>	<u>9,965,165</u>

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

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

Deferred Exploration Cost

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

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

Trade and other Payables

	June 30, 2014	December 31, 2013
Accrued expenses	7,426,997	7,426,997
Statutory liabilities	658,690	658,690
Others	3,709,980	3,714,787
	<u>11,797,743</u>	<u>11,800,474</u>

Advances to related parties

The amounts due from related parties are as follows:

	June 30, 2014	December 31, 2013
VMC	24,365,153	25,735,817
APHC	685,919	685,919
UPMC	539,173	539,173
	<u>25,960,909</u>	<u>26,960,909</u>

The amounts payable to related parties consist of the following:

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

Retirement Benefits

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

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

Capital Stock

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

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

	TOTAL	1-60 days	61-90 days	90-120 days	over 120 days
Types of Accounts Receivable					
a. Trade receivable	388,831	-	-	-	388,831
b. Non-Trade receivable					
b. Advances for Liquidation	540,838	120,000.00			420,838
c. Advances to Officers and Employees	202,731				202,731
d. Advances Against Royalties	1,745,147				1,745,147
c. Others	2,445,669				2,445,669
	5,323,016	120,000	-	-	5,203,016
Less: Allowance for Doubtful Accounts	3,948,299	-	-	-	3,948,299
Net Receivable	1,374,717	120,000	-	-	1,254,717