



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 MARCH 31, 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 [ X ] 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 [X] No [ ]

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

Yes [X] No [ ]

## **PART I - FINANCIAL INFORMATION**

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

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

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

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

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

The Company has no revenue for the three months ended March 31, 2014 and incurred a net loss of P1.1 million during the period, compared to a gross income of P6.01 million for three months ended March 31, 2013, mainly attributable to gain from sale of treasury shares of the Company which resulted to net income of P4 million.

Total assets decreased from P1 billion as of end-March 31, 2013 to P985.6 million as of end-March 31, 2014 due to i) decrease in due from related parties because of the collection of receivable, ii) decrease in Available for sale investment (AFS) due to sale of its Philodrill shares last June 2013, and iii) reduction on deferred exploration charges .

Total liabilities decreased from P408.7 million as of March 31, 2013 to P386.7 million as of end-March 2014, due to i) decrease in trade and other payables, ii) decrease on payable to related parties due to reversal of accrued interest and iii) decrease retirement benefit obligations due to payment of employees retirement benefits.

Deficit increased from P31.3 million as of end-March 2013 to P38.2 million as of end March 31, 2014 due to additional losses incurred by the Company.

Total Stockholders' equity increase from P598.88 as of March 31, 2013 to P598.97 as of end-March 31, 2014.

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

	<u>March 31, 2014</u>	<u>Dec.31,2013</u>
<b>Current Ratio</b>	<b>1.22 : 1</b>	<b>1.26 : 1</b>
<u>Current Assets</u>	<u>27,619,292</u>	<u>29,176,129</u>
Current Liabilities	22,707,434	23,209,226
 <b>Asset to Equity Ratio</b>	 <b>1.65 : 1</b>	 <b>1.65 : 1</b>
<u>Total Assets</u>	<u>985,617,501</u>	<u>985,232,788</u>
Stockholders Equity	598,965,730	598,079,224
 <b>Debt to Equity Ratio</b>	 <b>0.65 : 1</b>	 <b>0.66 : 1</b>
<u>Total Liabilities</u>	<u>386,651,771</u>	<u>387,153,564</u>
Stockholders Equity	598,965,730	598,079,224
 <b>Equity to Debt Ratio</b>	 <b>1.55 : 1</b>	 <b>1.52 : 1</b>
<u>Stockholders Equity</u>	<u>598,965,730</u>	<u>598,079,224</u>
Total Liabilities	386,651,771	387,153,564
 <b>Book Value per Share</b>	 <b>P 1.00</b>	 <b>P 0.98</b>
<u>Stockholders Equity</u>	<u>598,965,730</u>	<u>589,079,224</u>
Total # of Shares	600,000,000	600,000,000
 <b>Earnings/(Loss) per Share</b>	 <b>P 0.002</b>	 <b>P 0.0006</b>
<u>Net Income (Loss)</u>	<u>1,055,045</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. However, due to prevailing market conditions as well as the ongoing audit of NBS, the backdoor-listing has been postponed until further notice.

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-March 2014.

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

The number of employees will have significant change in number for the next twelve (12) months due to the change in management during the fourth quarter of 2012.

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-March 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

	March 31, 2014	March 31, 2013
<i>Current Liquidity Ratios</i>		
Current Ratios	1.22:1	0.08:1
Quick Ratios	1.22:1	0.08:1
<i>Solvency Ratios</i>	2.55:1	2.64:1
<i>Debt-to-equity Ratios</i>	0.65:1	0.68:1
<i>Asset-to-equity Ratios</i>	1.65:1	1.68:1
<i>Interest Rate Coverage Ratios</i>	0	0
<i>Profitability Ratios</i>		
Gross Profit Margin	0%	0%
Net Profit Margin	0%	0%

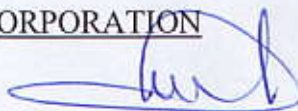
**PART II - OTHER INFORMATION**

There were items for disclosure that were made under SEC Form 17-C during the current interim period (01 January to 31 March 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



Principal Financial/Accounting Officer/Controller CHRISTOPHER M. GOTANCO  
Vice-Chairman/COO and Chief  
Corporate Information Officer

Date ..... 05/20/2014



**VULCAN INDUSTRIAL AND MINING CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>Unaudited 31-Mar-14</b>	<b>Audited 31-Dec-13</b>
<b>Current Assets</b>		
Cash	349,358	986,195
Receivables	1,254,717	1,174,717
Due from related parties	25,960,909	26,960,909
Other current assets	54,308	54,308
<b>Total Current Assets</b>	<u>27,619,292</u>	<u>29,176,129</u>
<b>Non Current Assets</b>		
Available-for-sale (AFS) investments	11,906,716	9,965,165
Property and Equipment	87,863	87,863
Deferred exploration costs	946,003,631	946,003,631
<b>Total Non Current Assets</b>	<u>957,998,210</u>	<u>956,056,659</u>
<b>TOTAL ASSETS</b>	<u><b>985,617,501</b></u>	<u><b>985,232,788</b></u>
 <b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables	11,798,398	11,800,474
Due to related parties	1,601,741	1,601,741
Subscriptions payable	6,529,858	6,529,858
Retirement benefit obligation	2,723,829	3,223,546
Income Tax Payable	53,607	53,607
<b>Total Current Liabilities</b>	<u>22,707,434</u>	<u>23,209,226</u>
<b>Non Current Liabilities</b>		
Deposits for future stock subscriptions	363,944,338	363,944,338
<b>Total Non Current Liabilities</b>	<u>363,944,338</u>	<u>363,944,338</u>
<b>TOTAL LIABILITIES</b>	<u><b>386,651,771</b></u>	<u><b>387,153,564</b></u>
 <b>EQUITY</b>		
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	28,442,512	26,500,960
Actuarial gain (loss) on retirement benefit plan	2,226,460	2,226,460
Deficit	(38,246,854)	(37,191,808)
<b>TOTAL EQUITY</b>	<u>598,965,730</u>	<u>598,079,224</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u><b>985,617,501</b></u>	<u><b>985,232,788</b></u>

**VULCAN INDUSTRIAL AND MINING CORPORATION**  
**STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Unaudited 31-Mar-14</b>	<b>Unaudited 31-Mar-13</b>
<b>REVENUE</b>	-	-
<b>General and Administrative expenses</b>	<u>1,055,045</u>	<u>2,007,212</u>
<b>Other Income (Charges)</b>		
Gain on sale of treasury shares	-	6,011,875
	<u>-</u>	<u>6,011,875</u>
Income from continuing operations before income tax	(1,055,045)	4,004,663
Provision for current income tax	-	-
Income from continuing operations after tax	(1,055,045)	4,004,663.00
Net Income	<u>(1,055,045)</u>	<u>4,004,663.00</u>
<b>Other Comprehensive Income/Loss</b>		
Net unrealized gains/(losses) on AFS investment	1,941,552	-
Total Other comprehensive Income/(Loss)	<u>1,941,552</u>	<u>-</u>
<b>Total Comprehensive Income/(Loss)</b>	<u><b>886,507</b></u>	<u><b>4,004,663</b></u>
<b>Earnings/(Loss) per share was computed as follows:</b>		
Net Income/(Loss) Attributable to Equity	(1,055,045)	4,004,663
Weighted Average Number of Shares	600,000,000	600,000,000
<b>Earnings/(Loss) Per Share</b>	<b>(0.0018)</b>	<b>0.0067</b>

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

	<u>31-Mar-14</u>	<u>31-Mar-13</u>
<b>Balances, at January 1</b>		
Capital Stock	600,000,000	600,000,000
Additional Paid-in capital	6,543,612	531,737
Net unrealized valuation gain/(loss) on available for sale (AFS) financial assets	26,500,960	29,673,093
Actuarial gain/(loss) on retirement benefit plan	2,226,460	
Deficit, beginning	(37,191,808)	(35,327,218)
Add: Net Income/(Loss) during the period	(1,055,045)	4,004,663
Deficit, ending	<u>(38,246,853)</u>	<u>(31,322,555)</u>
Other Comprehensive Income/(Loss)	1,941,552	-
<b>Balances, at March 31</b>	<u><b>598,965,730</b></u>	<u><b>598,882,275</b></u>

**VULCAN INDUSTRIAL & MINING CORPORATION**  
**STATEMENTS OF CASH FLOWS**

	FOR THE PERIOD	
	Jan. 1 to March 31 2014	Jan. 1 to March 31 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income/(Loss)	(1,055,045)	4,004,663
Loss form discontinued operations before income tax		
Adjustment to reconcile net income to net cash provided by (used in) operating activities:		
Depletion, Depreciation and amortization	(0)	2,043
Changes in operating assets & liabilities		
Decrease (increase) in:		
Accounts Receivable-net	(80,000)	215,306
Due from Related Parties	1,000,000	(7,314,212)
Prepaid expenses and other current assets	0	(309,036)
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,076)	(411,513)
Payable to related parties	-	16,172,946
Retirement benefits	(499,717)	(2,189,039)
<b>Net cash used in operating activities</b>	<u>(636,837)</u>	<u>10,171,158</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in:		
Deferred exploration cost and other charges	-	(16,529,873)
<b>Net cash used in investing activities</b>	<u>-</u>	<u>(16,529,873)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from sales of treasury stocks	-	5,837,398
<b>Net cash provided by financing activities</b>	<u>-</u>	<u>5,837,398</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(636,837)</u>	<u>(521,316)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>986,195</u>	<u>748,345</u>
<b>CASH AND CASH EQUIVALENTS, END</b>	<u><u>349,358</u></u>	<u><u>227,029</u></u>

## **NOTES TO CONSOLIDATED 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 7<sup>th</sup> Floor QUAD Alpha Centrum Bldg., 125 Pioneer Street, Mandaluyong City.

The Company has no operating activities. The operation is carried out by its subsidiary, Vulcan Materials Corporation, a wholly-owned subsidiary, registered with SEC on September 12, 1991 and is involved in mining exploration and sale of aggregates with business address at Sitio Tabak, San Rafael, Rodriguez, Rizal. On December 18, 2012, the Company sold all its shares in Vulcan Materials Corporation to Anglo Philippine Holdings Corporation, a related party.

### **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 P38.2 million as of March 31, 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) of 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

	March 31, 2014	December 31, 2013
Cash on hand and in bank	349,358	986,195
Cash equivalents	-	-
	<u>349,358</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

	March 31, 2014	December 31, 2013
Unimpaired	1,254,717	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>1,254,717</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

	March 31, 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

	March 31, 2014	December 31, 2013
Investment in quoted shares of stocks of:		
Philodrill	4,885,117	4,621,057
Other quoted equity securities	<u>6,947,314</u>	<u>5,269,823</u>
	11,832,431	9,890,880
Investment in unquoted shares of stocks of:		
Other unquoted equity investments	<u>74,285</u>	<u>74,285</u>
	<u>11,906,716</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

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

	March 31, 2014	December 31, 2013
Accrued expenses	7,426,997	7,426,997
Statutory liabilities	658,690	658,690
Others	<u>3,712,711</u>	<u>3,714,787</u>
	<u>11,798,398</u>	<u>11,800,474</u>

### Advances to related parties

The amounts due from related parties are as follows:

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

The amounts payable to related parties consist of the following:

	March 31, 2014	December 31, 2013
Palawan Granite	709,242	709,242
San Jose (SJ)	<u>892,499</u>	<u>892,499</u>
	<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 March 31, 2014 and December 31, 2013 there is a total of 600,000,000 issued shares.

**VULCAN INDUSTRIAL & MINING CORPORATION**

**Aging of Accounts Receivable**

**31-Mar-14**

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