ANNEX A

ALSONS CONSOLIDATED RESOURCES, INC.

MANAGEMENT REPORT

for the
2014 Annual Meeting of Stockholders
Pursuant to SRC Rule 20[4] [B]

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

REVIEW OF CURRENT YEAR 2013 OPERATIONS

The comparative figures in 2012 were restated to show only financial results from continuing operations. Information related to discontinued operations were presented in Note 31 to the consolidated financial statements.

Highlights of the Company's financial performance are as follows:

1. **Revenues and Profitability**

   ACR and Subsidiaries posted consolidated revenues of ₱3,446 million in 2013, higher than the ₱ 2,142 million reported in 2012. The 61% growth was mainly contributed by the Company's Energy and Power businesses, generating revenues of ₱3,418 billion in 2013, 63% up from the ₱ 2,100 billion generated in 2012 with the full operation of MPC in September 2013. MPC was re-acquired in February 2013, with rehabilitation starting in March 2013, and operations commencing in May.

   Revenues from the Property Development business decreased 13% from ₱31 million to ₱27.3 million. Revenues from sales of Campo Verde project were higher in 2012 at 29 units to only nine units in 2013 due to lower available inventories.

   Cost of services and real estate sold was reported at ₱1,998 million, 1.17x higher than the ₱920 million in 2012 due mainly to the pass-through fuel costs of MPC that began full operations in September 2013.

   Consequently, gross profit improved by 18.6% in 2013 to ₱1.45 billion from ₱1.22 billion in 2012.

   With the 3% decrease in general and administrative expenses, from ₱373.44 million to ₱362.88 million, operating profit improved by 28% to ₱1.085 billion from the ₱847.38 million reported in previous year. The management fees paid to other associates in 2012 as well as the provision for impairment in trade and other receivables contributed to the higher general administrative expenses in the previous year.

Furthermore, earnings before interest, taxes, depreciation and amortization (EBITDA), which represented 65% of total revenues reached ₱1.993 billion, slightly higher than the ₱1.980 billion realized in 2012.

Meanwhile, interest income was 45.8% lower in 2013 at ₱25.18 million from ₱46.44 million in 2012 due mainly to the lower placements in 2013. In contrast, interest expense was 41.6% higher at ₱119.38 million in 2013 from ₱84.29 million in 2012, as a result of additional loan availment during the year.

The company incurred other losses amounting to ₱48.97 million in 2013, vis-à-vis the reported ₱ 423.54 million other income in 2012. The current year's other losses stemmed principally from the ₱100.9 million provision for impairment for its Indophil investment. In addition the company incurred foreign exchange losses of ₱46 million as a result of the revaluation of its dollar-denominated liabilities. Conversely, the company reported a ₱236 million other income in 2012, which pertained to the compensation of the Parent Company as the sole project proponent for the risk, time and resources in developing Sarangani Energy that was paid by a new partner in the project.

As a result, income before tax of ₱941.79 million, decreased by 24% from last year's level of ₱ 1.234 billion. Nevertheless, provision for income tax was 25% higher at ₱300.9 million versus the previous year's ₱240.7 million, as the drop in income before tax was essentially due to provisions booked to revalue carrying costs of both investments and liabilities.

In the meantime, in line with the corporate decision to focus on power generation in Mindanao and other key areas of the Philippines, the company through its subsidiary, ALC, sold its investment in Lima Land, Inc. in October 2013. Income realized by LLI in 2013, shown as discontinued operations, amounted to 196.3 million, 127% higher than last year's income of ₱ 86.5 million.

With the recognition of losses due to peso depreciation, ACR's net income decreased by 22%. As such, the income attributable to equity holders of the Company was likewise lower by 8% at ₱ 466.87 million from last year's ₱509.12 million. Correspondingly, basic earnings of ₱0.74 per share decreased from ₱0.081 per share in 2012.

2. Financial Position

As of December 31, 2013, total resources of ACR and Subsidiaries stood at ₱17.958 billion, 28% higher than the ₱14.024 billion reported in 2012. Current assets grew by 25%, from ₱5.482 billion to ₱6.841 billion. The increment came largely from the increase in trade and other receivables, cash and cash equivalents as well as build-up of spare parts and supplies inventory. The expenditures incurred for the on-going construction of the SEC plant, on the other hand, caused the 30% growth in noncurrent assets.

The maturing portion of the loan availed by the Parent Company from its major shareholder and the unpaid trade payables and interest by MPC increased current liabilities by 1.16x, from ₱1.049 billion in 2012 to ₱2.27 billion in 2013. On other hand, additional drawdowns from the project loan of SEC accounted for the 1.67x rise in the Company's non-current liabilities. Accordingly, ACR's balance sheet remained robust with a current ratio at 3.013:1 in 2013 versus the 5.22:1 level in 2012, and continued to be underleveraged despite an increase in its debt-to-equity ratio, from 0.67:1 from 0.21:1.

Meanwhile, net cash inflows from operating activities increased by 19%, from ₱1.740 billion in 2012 to ₱2.078 billion in 2013. Together with its net cash inflows from financing activities amounting to ₱2.856 billion, largely from loan availment, total funds available reached ₱4.934 billion. On the other hand, net cash outflows used in investing activities, mainly for the construction of the SEC power plant, amounted to ₱3.790 billion. Including the effect of foreign exchange rate changes, ACR's consolidated cash reached ₱1.422 billion, significantly higher than the 2012 balance of ₱0.277 billion.

3. **Key Performance Indicators (KPI)**

The Company's financial KPI for the year ended December 31, 2013 showed significant improvement compared to 2012 as follows: (Amounts in million pesos, except ratios)

Table 5 – **Comparative KPIs (2013 Vs. 2012)**

Financial KPI	**Definition**	**Calendar Year**	
		2013	2012 (Restated)
Profitability			
Revenues		₱3,446	₱2,073
EBITDA		₱1,742	₱1,895
EBITDA Margin	EBITDA ÷ Net Sales	51%	88%
Return on Equity	Net Income ÷ Total Average Stockholders' Equity	8%	10%
Net Earnings Attributable To Equity Holders		₱467	₱509
Efficiency			
Operating Expense Ratio	Operating Expenses ÷ Gross Operating Income	33%	44%
Liquidity			
Net Debt Coverage	Cash Flow from Operating Activities ÷ Net Financial Debt	46%	124%
Debt-To-Equity Ratio		0.72:1	0.21:1
Current Ratio	Current Assets ÷ Current Liabilities	3.01:1	5.22:1

Profitability

The earnings before interest, taxes, depreciation and amortization (EBITDA) margin of the Company decreased from 88% in 2012 to 51% in 2013 due to fuel cost of MPC and spare parts used by WMPC and SPPC during the year.

With the recognition of losses largely on account of the revaluation of Company's liabilities, mainly as a result of the volatility of the foreign exchange rate, net income was lower in 2013. As such, corresponding return on equity (ROE), stood at 8% vis-à-vis the 2012 level of 10%. Similarly, net income attributable to the equity holders of the Parent reached ₱467 million as compared to the ₱509 million realized in 2012.

Efficiency

The Company's operating expense ratio decreased to 33% in 2013 from 44% in 2012. Operating expenses in 2012 was higher due mainly to the provision of management fees and impairment of trade and other receivables.

Liquidity

As a result of additional project loan drawdowns in 2013, financial debt increased by 2.25x. Consequently, net debt coverage decreased to 46% from last year's 124%. Current ratio also declined to 3.02:1 from last year's 5.22:1.

Description Of Key Performance Indicators:

a. **Revenues**. Revenue is the amount of money that the Company and its subsidiaries receive arising from their business activities and is presented in the top line of the consolidated statements of income. The present revenue drivers of the Company are: i) Energy and power, and ii) Real estate. Revenue growth is one of the most important factors that management and investors use in determining the potential future stock price of a company and is closely tied to the earnings power for both the near and long-term timeframes. Revenue growth also aids management in making sound investment decisions.

b. **EBITDA**. The Company computes EBITDA as earnings before extra-ordinary items, net finance expense, income tax, depreciation and amortization. It provides management and investors with a tool for determining the ability of the Company to generate cash from operations to cover financial charges and income taxes. It is also a measure to evaluate the Company's ability to service its debts, to finance its capital expenditure and working capital requirements.

c. **Net Earnings Attributable To Equity Holders Of Parent**. Net income attributable to shareholders is one more step down from net income on the consolidated statements of income. The net income of a company is all of the revenues minus all of the expenses including interest expenses and taxes. Net income attributable to shareholders is the net income minus the non-controlling interests. This aids management and investors in identifying company's profit allocated to each outstanding share.

d. **Debt-To-Equity Ratio**. This measures the Company's financial leverage calculated by dividing its total liabilities by stockholders' equity. It indicates what proportion of equity and debt the company is using to finance its assets.

e. **Current Ratio**. Current ratio is a measurement of liquidity computed by dividing current assets by current liabilities. It is an indicator of the Company's ability to meet its current maturing obligations. The higher the ratio, the more liquid the Company presents.

SIGNIFICANT DISCLOSURES

Please refer to **Annex D** of this report for the significant disclosures made by the Company during the year. Other than those mentioned in Annex D and the disclosures made by the Company in its Audited Consolidated Financial Statements, it is not aware of the following:

1. Unusual items that materially affect the Company's assets, liabilities, equity, net income or cash flows because of their nature, size or incidence;

2. Changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts in prior financial years that have a material effect in the current period;

3. Issuance and repurchase of equity securities;

4. Segment revenues and segment results for business segments and geographical segments;

5. Changes in contingent liabilities or contingent assets since the annual balance sheet date;

6. Existence of material contingencies and other transaction events that are material to an understanding of the current period;

7. Known trends, commitments, events and uncertainties that will result in or likely to decrease its liquidity in a material way. ACR does not anticipate having, within the next twelve (12) months, any cash flow or liquidity problem nor does it anticipate any default or breach of any of its existing notes, loans, other indebtedness or financial arrangements requiring it to make payments. With the improvement in the Company's operating performance, ACR expects to meet all financial loan covenants for the next interim period;

8. Events that will trigger direct or contingent material financial obligations to the Company;

9. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Company with unconsolidated entities or other persons created during the year;

10. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales, revenues, net income from continuing operations;

11. Significant elements of income or loss that did not arise from the Company's continuing operations;
12. Material events subsequent to the end of the reporting period that have not been reflected in the consolidated financial statements;
13. Material changes in the composition of the Company, including any business combination, acquisition or disposal of subsidiaries and long-term investments and discontinuing operations;

NOTES TO FINANCIAL STATEMENTS

Accounting Policies and Principles

The consolidated financial statements of ACR and its Subsidiaries for the years ended December 31, 2013 and 2012 are presented in accordance with Philippine Financial Reporting Standards applied on a consistent basis.

Seasonality Aspects of the Business

The operations of ACR and its subsidiaries were not affected by seasonality or cyclicality.

Material Changes in Balance Sheet Accounts 5% or More

1. Cash and cash equivalents, 413% Increase

   The growth in cash and cash equivalents (2013: ₱1.422 million vs. 2012: ₱277.43 million) was principally due to receipt of the proceeds from sale of ALC's investment in LLI. As such, cash generated from operations during the year was ₱2.079 billion, 19% higher than previous year's ₱ 1.740 billion. Cash from operations was used to acquire additional assets, pay-off dividends and settle maturing debts.

2. Short-term cash investments, 99% Decrease

   Short-term cash investments declined (2013: ₱8 million vs. 2012: ₱1,068 million) as funds were drawn and infused as equity into Sarangani Energy Corporation. Subsequently, SEC used the funds to finance the on-going construction of the SEC power plant during the year.

3. Trade and other receivables, 48% Increase

   With the start of commercial operations of MPC in May 2013, additional trade receivables from (aaa) were generated during the year. Meanwhile, the Parent Company made advances to its major shareholders, resulting in higher level of due from related parties account. The advances were subject to certain provisions, including interest and terms of repayment.

4. Spare parts and supplies, 63% Increase

   The build-up consisted mainly of the purchase of spare parts for MPC, lead-time of which is long.

5. Real estate inventories, 23% Decrease

   The variance is largely due to the disposal of ALC's investment in LLI during the year.

6. Noncurrent portion of installments receivables, 14% Decrease

   The decrement is due to collection of maturing accounts during the year.

7. Property, plant and equipment, 165% Increase

   The growth is due mainly to expenditures incurred for the construction of the Sarangani Power Plant as well as for the acquisition of Iligan Power Plant during the year.

8. Goodwill, 8% Increase

   The increment is due mainly to the foreign currency translation adjustments in 2013. Foreign exchange rate was at US$1:₱43.40 in end-2013 versus US$1: ₱41.05 in 2012.

9. AFS Financial Assets, 13%, Decrease

   The decline of the market values of these AFS financial assets caused the drop in values of this account.

10. Retirement Plan Assets, 17% Decrease

    The decrease was mainly due to the increase in current service cost and remeasurement of the retirement assets of the power companies during the year.

11. Other noncurrent assets, 47% Decrease

    The reduction was due mainly to the reclassification of deferred power project costs to construction-in progress accounts, which is part of property, plant and equipment.

12. Accounts payable and other current liabilities, 90% Increase

    The higher trade payable was due to MPC that commenced operations during the year and additional project advances.

13. Loans payable, 100% Increase

    Increase due to loan availment to finance additional equity infusion in Sarangani.

14. Income tax payable, 45% Increase

    The higher taxable income caused the increase in income tax payable.

15. Derivative liability, 76% Increase

    The loan, which was obtained in 2012, included certain options, the salient features of which were discussed in Note 18 of the Notes to Consolidated Financial Statements. The derivative liability was a result of re-measurement of the options, such that a mark-to-market loss and the corresponding liability were recognized.

16. Current and Long-term debt, 2.09x Increase

    The increment was due to the drawdown from the project loan facility of SEC during the year as well as the availment of a US$13.0 million loan to finance the purchase by the Parent of 40% of the capital stock of CHC from EGCO of Thailand. Details of transaction is presented in Note 18 of the Financial Statements.

17. Deferred Tax Liabilities, 5% Increase

    The increase was mainly attributable to the increase in the tax impact arising from equity in undistributed net earnings of a foreign subsidiary and increase in the transaction of nonmonetary assets.

18. Retirement payable, 75% Decrease

    The decrease was due mainly to the remeasurement of retirement benefit obligation as conducted by independent Actuary. Due to the disposal of LLI Investment, retirement payable of LLi was derecognized.

19. Customers' deposits, 100% Decrease

    Customer's deposits, which are equivalent to the estimated bill for one month of service by LUC customers within the Lima Technology Center and non-interest bearing, are collected to secure payment of monthly bills of electricity consumption. With the sale of LLI, the value is no longer carried in ALC's books.

20. Asset retirement obligation, 13% Increase

    The upturn was due to the recalculation of the estimated liability for the dismantlement of the power plant complex.

21. Other noncurrent liabilities, 100% Decrease

    This account represents deferred lease income of Lima Land. Due to the disposal of LLI investment during the year, deferred lease income was also derecognized in the financial statements.

REVIEW OF 2012 and 2011 OPERATIONS

The discussion for the results of 2012 and 2011 operations cover the results from continuing operations. Results of discontinued operations are presented in Note 31 to the consolidated financial statements.

Highlights of the Company's financial performance are as follows:

1. **Revenues and Profitability**

ACR and Subsidiaries posted consolidated revenues of ₱2,142 million in 2012, 1% higher than the ₱2,121 million reported in 2011. Energy and management fees from the Company's Energy and Power business remain stable, generating revenues of ₱2,101 million in 2012 from ₱2,090 million in 2011. The two power generating plants continue to dispatch 66% of their available capacities.

Likewise, revenues from Property Development business increased 34% from ₱31 million to ₱42 million.

Cost of services and real estate sold was reported at ₱920 million, 1% higher than the ₱912 million in 2011 due to the higher units of real estate sold in 2012 and increased fuel costs incurred by the Company's Energy and Power business. Gross profit improved to ₱1,221 million in 2012 from ₱1,210 million in 2011.

General and administrative expenses increased from ₱296 million in 2011 to ₱373 million in 2012. The management fees paid to other associates in 2012 and the provision for impairment in trade and other receivables resulted to the increase in general administrative expenses in 2012. Operating profit margin in 2012 dropped to 40% from 43% reported in previous year.

Finance charges – net of finance income presented a loss of ₱38 million in 2012 from a gain of ₱35 million in 2011 due to higher interest expense as a result of additional project loan availed during the year.

Other income increased from last year's ₱375 million to ₱389 million in 2012. The nonrecurring income recognized in 2012 of ₱236 million represents compensation of the Parent Company as the sole project proponent for the risk, time and resources in developing Sarangani Energy that was paid by the new partner in the project.

The higher cost of services as well as general and administrative expenses negated slight improvement in revenues and other income. The Company's net income before tax ₱1,235 million from previous year's ₱1,321 million. EBITDA was at ₱1,895 million in 2012, a margin representing 88% of total revenues. The provision for income tax this year was ₱257 million, higher than the ₱235 million in previous year.

With the above performance, ACR's net income attributable to equity holders of the Company improved 12% from last year's ₱456 million to ₱509 million this year. Basic earning was likewise better at ₱0.081 per share from ₱0.072 per share in 2011.

2. Financial Position

As of December 31, 2012, total assets of ACR and Subsidiaries stood at ₱14,024 million, slightly higher than the ₱13,992 million reported in 2011. Current assets increased 5% from ₱5,244 million to ₱5,482 million. The increase came largely from the increase in short-term cash investments and prepaid expenses of the power companies. Depreciation recognized during the year caused the 2% decreased in noncurrent assets. These changes have no overall impact to the total assets of the Company, which remains strong at ₱14 billion level.

The additional loan availed during the year and the recognition of a derivative liability arising from the convertible option embedded to the loan obtained by the Parent Company accounted for the 40% increase in current liabilities. The noncurrent portion of the loan and the additional accrued retirement cost also resulted to the 34% increase in the Company's non-current liabilities.

With the above financial position, ACR's current ratio remained strong at 5.22:1 in 2012 from 7.01:1 in 2011, while its debt to equity ratio increased to 0.21:1 from 0.11:1.

ACR's consolidated statement of cash flows showed that cash from operating activities was lower at ₱1,740 million, utilized cash for investing activities in the amount of ₱979 million and for the Company's financing requirements in the amount of ₱942 million. Supplemented by its beginning cash balance, ACR and subsidiaries ended the year with a cash balance of ₱277 million.

3. Key Performance Indicators (KPI)

The Company's financial KPI for the year ended December 31, 2012 showed significant improvement compared to 2011 as follows: (Amounts in million pesos, except ratios)

Table 6 – **Comparative KPIs (2012 Vs. 2011)**

Financial KPI	**Definition**	**Calendar Year**	
		2012	2011 (Restated)
Profitability			
Revenues		₱2,142	₱2,121
EBITDA		₱1,895	₱1,936
EBITDA Margin	EBITDA ÷ Net Sales	88%	89%
Return on Equity	Net Income ÷ Total Average Stockholders' Equity	10%	10%
Net Earnings Attributable To Equity Holders		₱509	₱456

Efficiency			
Operating Expense Ratio	Operating Expenses ÷ Gross Operating Income	44%	32%
Liquidity			
Net Debt Coverage	Cash Flow from Operating Activities ÷ Net Financial Debt	124%	313%
Debt-To-Equity Ratio		0.21:1	0.14:1
Current Ratio	Current Assets ÷ Current Liabilities	5.22:1	7.01:1

Profitability

The earnings before interest, taxes, depreciation and amortization (EBITDA) margin of the Company increased from 89% in 2011 to 88% in 2012 due to increased cost of services resulting from higher units of real estate sold in 2012 and increased fuel costs incurred by the Company's Energy and Power business. Net income was lower in 2012 in spite of the reimbursement of development fee on SEC project recognized by the Company. The return on equity (ROE) 9% and 10% in 2012 and 2011, respectively. Equity holders of the parent in 2012, however was 12% better at ₱509 million from ₱456 million in 2011.

Efficiency

The Company's operating expense ratio was higher at 44% in 2012 from 33% in 2011. The operating income this year decreased due to higher fuel and depreciation costs..

Liquidity

As a result of additional loan drawdowns in 2012, financial debt increased 1.4x. Consequently, net debt coverage decreased to 124% from last year's 313%. Current ratio also decreased to 5.22:1 from last year's 7.01:1

NOTES TO FINANCIAL STATEMENTS

Accounting Policies and Principles

The consolidated financial statements of ACR for the years ended December 31, 2012 and 2011 are presented in accordance with generally accepted accounting principles applied on a consistent basis.

Seasonality Aspects of the Business

The operations of ACR and its subsidiaries were not affected by seasonality or cyclicality.

Material Changes in Balance Sheet Accounts 5% or More

1. Cash and cash equivalents, 19% Decrease

   Cash generated from operations during the year was ₱1,740 million, 6% lower than previous year. Cash from operations were used to acquire additional assets and settle maturing debts, thus bringing down the cash and cash equivalents to ₱277 million as of December 31, 2012 from ₱453 million as of December 31, 2011.

2. Short-term cash investments, 16% Decrease

   The retirement of short-term cash investment used to settle maturing obligations and payment of cash dividend declared by the power companies contributed to the decrease in this account.

3. Trade and other receivables, 22% Decrease

   As earlier discussed, the decrease came largely from the acquisition of the right to own the Lanang Landholdings of C. Alcantara and Sons, Inc. as payment of Alsons Development and Investment Corporation's payable to ACR. As a result of the above arrangement, the investment in real estate correspondingly increased 92% from ₱1.237 billion in 2010 to ₱2.374 billion this year

4. Real estate inventories, 18% Decrease

   The decline is largely due to the sale of real estate and settlement of debts.

5. Prepaid expenses and other current assets, 5% Increase

   Higher creditable tax and prepayments in 2011 resulted to the 5% increase in prepaid expenses.

6. Noncurrent portion of installments receivables, 18% Increase

   The increase is due to additional sales in 2011 collectible over a period of 3 to 5 years.

7. Investment in Real Estate, 92% Increase

   The increase was due to the acquisition of the Lanang Landholdings of C. Alcantara and Sons, Inc. as payment of Alsons Development and Investment Corporation's payable to ACR.

8. Property, plant and equipment, 9% Decrease

   The decline is due mainly to depreciation and amortization recognized during the year.

9. AFS Financial Assets, 9% Increase

   The improvements of the market values of these AFS financial assets caused the increase of this account.

10. Retirement Plan Assets, 152% Increase

    The increase was mainly to the funding of retirement costs during the year by the power companies.

11. Other Noncurrent Assets, 51% increase

    The increase was mainly due to additional deferred power project costs incurred during the year.

12. Accounts payable and other current liabilities, 30% Decrease

    The decline in accrued interest resulting from debt restructuring and settlement was the reason of the 30% decrease.

13. Income tax payable, 33% Decrease

    The decline is due mainly to the timing of income tax payments during the year.

14. Loans payable, 66% Decrease

    Payment of maturing loan by ALC accounted for the decrease.

15. Debts under negotiation, 100% Decrease

    The decrease is due to the settlement of debts as well as to the successful restructuring of a loan by the Parent Company.

16. Long-term debt, 23% Decrease

    The decrease was due mainly to payment of maturing principal during the year.

17. Deferred tax liabilities, 4% Decrease

    Differences in currency translation of the non-monetary assets of the power companies accounted for the decrease in deferred tax liabilities.

18. Retirement payable, 61% Increase

    The increase was due mainly to the recognition of additional accrual of retirement payable during the year.

19. Customers' deposits, 8% Increase

    The increase came from customers deposits related to installment sales of lots and housing units in Campo Verde and the Summer Hills projects of ALC and LLI, respectively.

20. Asset retirement obligation, 94% Increase

    The increase was due to the recalculation of the estimated liability for the dismantlement of the power plant complex.

21. Other noncurrent liabilities, 51% Decrease

    Recognition of revenues during the year deferred in 2010 accounted for the decrease in this account.

BUSINESS AND GENERAL INFORMATION

THE BUSINESS

Alsons Consolidated Resources, Inc. ("ACR" or the "Company") was incorporated on December 24, 1974 as Victoria Gold Mining Corporation to engage in the business of exploration of oil, petroleum and other mineral products. The corporate name was changed to Terra Grande Resources, Inc. (Tegre) in March 1995.

In 1994, the Alcantara Group, through Alsons Power Holdings Corporation (APHC), acquired a 55.80% interest in Tegre through a swap of APHC's 50.78% stake in Northern Mindanao Power Corporation (NMPC). The Securities and Exchange Commission (SEC) formally approved the stock swap on March 4, 1995 together with the increase in the Company's authorized capital stock from ₱1 billion to ₱3 billion.

The corporate name was changed to Alsons Consolidated Resources, Inc. in June 1995 to mark the entry of the Alcantara Group. The Company's primary purpose was subsequently changed to that of an investment holding company, and oil exploration was relegated to a secondary purpose.

On October 10, 1996, the Company completed its reorganization through a series of stock swaps. As a result of this reorganization, some of the Alcantara Group's established businesses became majority or minority owned subsidiaries of ACR and the Company's authorized capital was further increased from ₱3 billion to ₱12 billion.

ACR's core businesses, conducted through its various subsidiaries and associates, can be grouped into the following main categories: a) Energy and Power, b) Property Development, and c) Other Investments. A description of the general nature and scope of these businesses is presented below:

Energy And Power

ACR's investment in the Energy and Power business is through two holding firms namely, Conal Holdings Corporation (Conal) and Alsing Power Holdings, Inc. (Alsing). On August 1, 2013, ACR re-acquired the 40% ownership by Electricity Generating Public Co. Ltd. (EGCO) of Thailand in Conal. With this acquisition, Conal became a wholly owned subsidiary of ACR. Conal owns all of ACR's operating Philippine power generation businesses, namely: (1) Alsing Power Holdings, Inc. at 80%, (2) Alto Power Management Corporation at 60% and (3) Mapalad Power Corporation 100%. Alsing, in turn, owns 55% of: (a) Western Mindanao Power Corporation; and, (b) Southern Philippines Power Corporation. Further, ACR directly owns 20% of Alsing.

ACR also has a wholly owned subsidiary, Alsons Power International Limited (APIL), which handles the development of the power plant projects of ACR outside the country.

The three (3) operating power generation subsidiaries, Western Mindanao Power Corporation (WMPC) and Southern Philippines Power Corporation (SPPC) and Mapalad Power Corporation (MPC) are all located in Mindanao.

WMPC operates a 100-megawatt (MW) diesel-fired electricity generating facility in Zamboanga City under an 18-year "Build-Operate-Own (BOO)" arrangement with National Power Corporation (NPC) until December 2015. SPPC, on the other hand, operates a 55 MW diesel-fired electricity generating facility located in Alabel, Sarangani Province, 15 kilometers east of the city proper of General Santos, also under a BOO arrangement with NPC for 18 years until May 2016.

MPC rehabilitated and started operating 98 MW of the 103MW Bunker-Fired Iligan Diesel Power Plants (IDPPs) I and II, which Conal acquired from the Iligan City Government on February 27, 2013. The Company entered into Power Sales Agreement (PSA) with various distribution utilities and electric cooperatives, namely Holcim Philippines, Inc. (10MW); Iligan Light and Power, Inc. (10MW); South Cotabato II Electric Cooperative, Inc. (30 MW); Zamboanga City Electric Cooperative, Inc. (18 MW); Agusan del Norte Electric Cooperative (15 MW); Agusan del Sur Electric Cooperative (10MW); Zamboanga del Sur I Electric Cooperative, Inc. (5MW) and Zamboanga del Norte Electric Cooperative (5MW). The Company expects to complete the rehabilitation and operate the balance of 5MW by end of the first quarter of 2014.

The Mindanao Grid, where the three power plants of ACR's Energy and Power business operate, is dominated by power generated by the Agus Hydroelectric System. However, when the water of Lake Lanao is at a critical level, the Agus System cannot service the full demand of the Mindanao Grid. The SPPC and WMPC plants are therefore called for dispatch to supply this deficit. As the demand for power in Mindanao is expected to grow rapidly over the next few years, these power plants will play an important role in providing adequate and stable power for Mindanao.

Expected to play a prominent role in assuring adequate and economic power supply to the Mindanao Grid is the 210MW Coal-Fired Power Station Project (SM200) in Maasim, Sarangani, which ACR is presently constructing the first 105MW through its subsidiary, Sarangani Energy Corporation (SEC). On December 10, 2012, ACR entered into a Shareholders Agreement with Toyota Tsusho Corporation (TTC) of Japan, wherein TTC agreed to subscribe 25% of the total equity of SEC. The construction is currently undertaken by Daelim Industrial Co., Ltd. of Korea and Daelim Phils., Inc. Commercial operations are expected to commence in 2015. The SM200-Phase 2 will follow a year later. In addition, ACR is also developing through a subsidiary, San Ramon Power Corporation (SRPI), a 105MW Coal-Fired Power Station Project (ZAM100) in Zamboanga City. ZAM100 will supply power to Zamboanga City and other parts of the Zamboanga Peninsula. SRPI obtained its Environmental Compliance Certificate (ECC) on March 20, 2012.

ACR, through subsidiaries, is likewise conducting feasibility studies on renewable energy projects. Currently under development are the Siguil 17MW Hydro Power Project in Maasim Sarangani and the Bago 40MW in Negros Oriental. These projects are expected to augment power supply in the cities of General Santos and Bacolod, respectively, once they are completed.

Property Development

ACR is also engaged in the Property Development business through its subsidiary, Alsons Land Corporation or ALC. Established on November 25, 1994, ALC was primarily involved in two major enterprises, the first is a 72-hole golf course development with a residential component called the "Eagle Ridge Golf & Residential Estate" in General Trias, Cavite and the second is a 440-hectare industrial estate, otherwise known as the "LiMA Technology Center" (LTC) in Malvar and Lipa City, Batangas. In October 2013, ACR through ALC disposed its 60% share in Lima Land Inc.

The Eagle Ridge Golf & Residential Estate (Eagle Ridge) is a joint venture between ALC and Sta. Lucia Realty Development, Inc. The Fil-Estate Group of Companies primarily handles the sale of its golf shares and residential lots. Eagle Ridge is a 700-hectare project located in Gen. Trias, Cavite. The only Golf Club in the Philippines with four completed signature golf courses and three fully operational clubhouses, Eagle Ridge has superior facilities that cater not only to golfers but also to their families and guests.

To maximize the use of its remaining land holdings, ALC is also engaged in the development of other types of housing products. Re-packaging its properties to better suit emerging market niches in the property sector, ALC launched "Campo Verde", a joint venture project with Sunfields Realty Development, Inc. The 11-hectare property is located inside LTC and an hour away from Makati via the South Luzon Expressway and the Southern Tagalog Arterial Road Tollway. Campo Verde offers three (3) distinct Spanish themed homes that are ideal for young to growing families. The model house choices range from: Condesa with a lot area of 90 square meters and floor area of 36 square meters; Duquesa with a lot size of 100 square meters and a floor area of 50 square meters; and, Reina with 120 square meter-lot and a floor area of 80 square meters. As of December 31, 2013, the remaining ALC inventory of Campo Verde was down to twelve (12) units and the proponents will launch the 3.5-hectare expansion within the 2nd quarter of year 2014.

Through subsidiary Kamanga Agro-Industrial Economic Development Corporation, ACR is also developing the Kamanga Agro-Industrial Economic Zone, which will host SM200 in the Municipality of Maasim, Province of Sarangani, and be accredited with the PEZA as an agricultural and light-industry zone. Enterprises will be encouraged to set up their businesses in, or relocate to, this "Ecozone" to enjoy incentives prescribed by law through the PEZA.

Other Investments

To pursue projects in the mining sector, ACR organized ACR Mining Corporation (ACRMC), formerly known as ACR Management Corporation. Its initial activity involved the acquisition of Alsons Development & Investment Corporation's interest in a mining claim, referred to as the Manat Mining Claims. Covered by Mineral Production Sharing Agreement (MPSA) Serial No. 094-97-XL for 25 years up to year 2022, the mining claim has a total area of 1,547.32 hectares. It is located in the Municipality of Nabunturan, Province of Compostela Valley and in the Municipality of Maco, Province of Davao del Norte. Previous exploration work at the project area identified three sub-parallel NW trending mineralized structures: Pagtulian, Katungbuan/Taglayag, and Magas. Detailed work on the Magas Vein Zone (MVZ) so far revealed an estimated resource of 2.7 million tons containing: 2.8 g/t gold, 26 g/t silver, 0.09% copper, 0.85% lead, and 1.58% zinc.

ACR also has investments in RCP Holdings, Inc. and in Market Developers, Inc. (MADE), which handles the Company's Product Distribution business. RCP Holdings, Inc. owns 31.24% of Refractories Corporation of the Philippines (RCP), a company engaged in the manufacture of refractories and monolithic. RCP is under rehabilitation, and the Company's product distribution activities had been substantially scaled down until better opportunities can justify resumption of its trading operations.

To further expand its interest in the energy sector, the Company is presently considering several investment opportunities also in Mindanao.

OTHER INFORMATION

Business segments contribution to revenues

Table 7 – **The contribution of each segment of the business to the consolidated revenues** of the Company are as follows:

	Amounts in Thousand Pesos					
	2013	2012*	2011*	2013	2012	2011
Energy and Power	₱3,418,477	₱2,100,706	₱2,090,067	99%	98%	99%
Property Development	27,343	41,750	31,202	1%	2%	1%
	₱3,445,820	₱2,142,456	₱2,121,269	100%	100%	100%

**Figures have been restated or reflect only information from continuing operations.*

Income from foreign sources amounting to ₱24 million in 2013, ₱23 million in 2012 and ₱21 million in 2011 represents fees from technical advisory services related to the operation and maintenance of a power plant in Indonesia.

Competition

Aside from the numerous housing developments competing in the region, a shift in the market forces has prompted a slowdown in sales for the Eagle Ridge Golf and Residential Estates. Economic and affordable housing developments of Filinvest, Camella Homes, and Amaia have gained a foothold in the region.

Competition among industrial parks in Laguna-Batangas area remained robust in 2013. A number of competing industrial parks were in the process of expanding their inventory while others acquired additional areas for expansion in 2014. Lima Technology Center (LTC) welcomed three new locators in 2013 namely; Funai Electric, Taihan and Taisei. The transactions translated to 16.7 hectares sales of industrial lots. During that year, Lima Land Inc. (LLI) continued its marketing effort and targeted the supply chain of the prominent printer manufacturing companies with assembly facilities within CALABARZON area. However, the Alcantara Group decided to sell its investment in LLI in October 2013 to concentrate on the expansion of its Power Business Unit.

Sources and Availability of Raw Materials and Supplies

Materials and supplies used by SPPC and WMPC for power generation include fuel and lube oils. The National Power Corporation (NPC) provides the Fuel oil while Pilipinas Shell Petroleum Corporation directly supplies the lube oil requirements of the plants. On the other hand, Wartsila Corporation of Finland, supplies the engine parts and major maintenance services needed by the plants.

Meanwhile, MPC signed a Fuel Supply Agreement with Petron Corporation for the supply of approximately 6 million liters of fuel. The agreement is valid until December 31, 2015. Similar to WMPC and SPPC, MPC has also agreements with Pilipinas Shell Petroleum Corporation for the supply of its lube oils and with Wartsila Corporation for the supply of its engines.

Dependence on a Single or a Few Customers

The SPPC and WMPC companies' sole customer is NPC through BOO arrangements. Alto Power Management Corp. (APMC), a subsidiary of ACR, provides the plant and operation management services to SPPC, WMPC and MPC. Also, APMC International Ltd., a wholly owned subsidiary of APMC, provides Operations and Maintenance management services to PT Makassar Power Indonesia.

MPC has fully contracted for 3 years its 103MW capacity to several electric cooperatives in Mindanao and Holcim. MPC increased its operating capacity by 5MW in March 2014 upon the completion of the rehabilitation 12^{th} unit. The additional capacity has already been contracted with ZANECO with the same terms as other electric cooperatives.

On the other hand, the Property Development and other businesses of ACR are not dependent on a single or few customers and the loss of one or a few customers will have no material adverse effect on the Company and its subsidiaries.

Effect of Existing or Probable Governmental Regulations on the Business

Republic Act No. 9136, the Electric Power Reform Act (EPIRA), and its Implementing Rules and Regulations (IRR), provide for significant changes in the Power Sector, which includes among others:

1. The unbundling of the generation, transmission, distribution and supply of power and other disposal assets, including its contract with IPP and electricity rates;

2. Creation of a Wholesale Electricity Spot Market (WESM) within one year; and,

3. Open and nondiscriminatory access to transmission and distribution systems.

The law also requires public listing of not less than 15% of common shares of generation and distribution companies within 5 years from the effectivity of the EPIRA. It provides: (1) cross ownership restrictions between transmission and generation companies and between transmission and distribution companies; and, (2) a cap of 50% on the demand of a distribution utility sourced from an associated company engaged in generation except for contracts entered into prior to the effectivity of the EPIRA; and (3) specifically relating to generation companies, a cap on the concentration of ownership to only 30% of the installed capacity of the grid and/or 25% of the national installed generating capacity. Based on the assessment of management, the operating subsidiaries have complied with the applicable provisions of the EPIRA and its IRR.

Research and Development

ACR and its subsidiaries do not allocate specific amounts or a fixed percentage for research and development. All research, if any, are done by its subsidiaries and affiliates on a per project basis. The allocation for such activities may vary depending on the nature of the project.

Employees

As of December 31, 2013, ACR and its subsidiaries, where the Parent's ownership is 50% or more, had a manpower complement of 263 employees, broken down as follows: 5 executives, 14 managers, 62 supervisors and 182 associates. The Company believes that changes in manpower complement will be minimal for the next twelve months. The employees of the Company and its subsidiaries are not unionized.

Bankruptcy Proceedings

The Company has not contemplated any plan for bankruptcy, receivership or similar proceedings. Neither is there any material reclassification, merger, consolidation nor sale of any significant amount of assets in the ordinary course of business.

Cost and Effect of Compliance with Environmental Laws

As a holding company, ACR engages only in projects and activities that comply with environmental laws. Its power subsidiaries follow the regulations embodied in the EPIRA. All its plants meet the exhaust emission standards set by DENR. Compliance with existing environmental laws has corresponding costs, which include expenditures for the following: 1) renewal fees for the DENR permit/license to operate; 2) exhaust emission tests and monitoring (costs covered by the environmental guarantee fund), 3) environmental monitoring fund (SPPC ₱500,000 and WMPC ₱586,000), and 4) environmental guaranty fund (SPPC ₱500,000 and WMPC ₱598,000). WMPC and SPPC have spent for desulfurization facilities amounting to ₱- and ₱213,179, respectively. The Company meets all governmental, environment, health and safety requirements. The Company's operating units are regularly inspected and have not experienced significant governmental, environment, health or safety problems. For the past three years, the total amounts spent in complying with environmental laws by the subsidiaries are as follows: 1) ₱ 3,270,768 in 2013; 2) ₱2,021,131 in 2012; and, 3) ₱1,744,588 in 2011.

Investment Acquisition

On July 2, 2013, the Company and EGCO International (B.U.I.) Limited (EGCO) entered into a Share Purchase Agreement (SPA) to acquire 40% interest in voting shares of CHC valued at US$13, increasing the Company's ownership in CHC to 100%.

On February 27, 2013, Conal acquired from the Iligan City Government, the 98 MW Bunker-Fired Iligan Diesel Power Plants (IDPPs) I and II valued at ₱387million. MPC rehabilitated the two plants at total cost of ₱800 million, the capacity has now increased to 103MW

On December 23, 2010, ACR purchased 29,140,000 shares of Indophil Resources, NL (Indophil) in the amount of ₱1,316 million. Indophil shares are listed in the Australian Stock Exchange. ACR previously accounted its investment in Indophil as available-for-sale financial statements and it recognized an unrealized gain on change in fair value of ₱45 million (net of tax of ₱19 million) recorded under "Other comprehensive income.

Alsons Power Holdings Corporation (APHC or the Subscriber), also a company under the Alcantara Group, entered into a placement agreement (the Agreement) with Indophil to purchase the 207,708,334 shares in two (2) tranches On December 11, 2011. APHC incorporated Alsons Prime Investments Corporation (APIC) as a wholly owned subsidiary primarily to hold the Indophil investment On December 26, 2011. The Agreement was concluded on February 6, 2012, with APIC owning 17.26% of Indophil's total outstanding shares.

Meanwhile, APIC, AC and ACR entered into an agreement that defined the basic principles, policies, terms and conditions, which shall govern their conduct and relationship as shareholders of Indophil. With the agreement, the Group's equity share in Indophil was consolidated and reached 19.99% of the latter's outstanding shares. Subsequently, Mr. Nicasio I. Alcantara, a Director of Alsons Corporation and Alsons Development & Investment Corporation (parent of APHC), was appointed to Indophil's Board of Directors as a nonexecutive director out of seven (7) directors.

Restatement of Accounts

In compliance with PAS 19, *Employee Benefits (Revised)*. For defined benefit plans, the Revised PAS 19 requires all actuarial gains and losses to be recognized in other comprehensive income and unvested past service costs previously recognized over the average vesting period to be recognized immediately in profit or loss when incurred.

Except for the immediate recognition of past service cost, the adoption did not materially affect the Company's financial position and performance since actuarial gains and losses are recognized in full in the period in which these occur in other comprehensive income based on the Group's current accounting policy.

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

The Revised PAS 19 also amended the definition of short-term employee benefits and requires employee benefits to be classified as short-term based on expected timing of settlement rather than the employee's entitlement to the benefits. In addition, the Revised PAS 19 modifies the timing of recognition for termination benefits. The modification requires the termination benefits to be recognized at the earlier of when the offer cannot be withdrawn or when the related restructuring costs are recognized.

Changes to definition of short-term employee benefits and timing of recognition for termination benefits do not have any impact to the consolidated financial position and financial performance.

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

Consolidated Statements of Financial Position

	As a December 31 2013	As at December 31, 2012	As at January 1, 2011
Retained earnings	₱296,047	₱261,889	(₱732,309)
Accrued retirement expense	296,047	261,889	732,309

Consolidated Statements of Income

	2013	2012
Retirement expense	(₱34,158)	(₱470,420)
Net income	34,158	470,420

Risks

Through prudent management and cautious investment decisions, ACR constantly strives to minimize risks that can weaken its financial position. However, certain risks it is involved in are inherent to specific industries and are not within the direct control of the Company.

Some of the risks that the company and its subsidiaries may be exposed to are the following:

1. Foreign Exchange Rate Fluctuations

The Company's exposure is primarily associated with fluctuations in the value of the peso against the U.S. Dollar and other foreign currencies. The loan obligations of its power companies are predominantly denominated in US Dollars and their operating costs include spare parts and insurance which are likewise denominated in foreign currency. However, the power companies have a natural hedge against foreign exchange fluctuations since its revenues are also denominated in US Dollars. Likewise, the Company keeps a portion of its short-term investments in foreign currency.

2. Interest Rate Risks

The Company's interest rate risk management policy centers on reducing overall interest expense and on minimizing other costs of borrowing. Changes in market interest rates would have material impact on the Company's interest-bearing obligations, specifically on those with floating interest rates.

ACR and its subsidiaries manage their interest rate risks by leveraging its debt portfolio and by optimizing a mix of fixed and variable interest rates. Other measures, which were employed to avert risk include pre-payment of debts and re-financing of loans. Moreover, utilization of existing credit facilities has been kept to a minimum.

3. Liquidity Risks

The Company and its subsidiaries carefully manage their liquidity position to be able to finance their working capital, debt service and capital expenditure requirements. Sufficient levels of cash and short-term money market placements are maintained to meet maturing obligations. Management regularly monitors and forecasts its cash commitments, matches debt payments with cash generated from the assets being financed, and negotiates with creditors on possible restructuring or re-financing of existing loans to avail of better terms and conditions.

4. Credit Risks

ACR and subsidiaries transact only with companies and institutions, which are in sound financial position and have demonstrated good credit standing. The power companies' receivables are largely from the National Power Corporation, and collection of which has been current and up to-date. On the other hand, receivables of the property companies come from installment sales of industrial/residential lots and housing units. Receivable balances are monitored regularly and allowance provisions are reviewed to ensure limited exposure to bad debts.

Further discussion on the Company's financial risk management objectives and policies is contained in Note 33 of the Consolidated Financial Statements.

DESCRIPTION OF PROPERTIES

The Company's energy and power operations are located in three different sites. WMPC's own power plant is in a 9-hectare property in Sitio Malasugat, Sangali, Zamboanga City. SPPC's operations are situated in a 16-hectare property located in Alabel, Sarangani Province, and 13 kilometers east of the city proper of General Santos. CHC's Plants 1 and 2, which are operated by MPC, are in a 8-hectare property in the municipality of Lugait, Misamis Oriental and in the City of Iligan. The WMPC and SPPC properties are fully owned by the above-mentioned subsidiaries of ACR. On the other hand, the power plants in Lugait, Misamis Oriental and City of Iligan were acquired by virtue of a Deed of Sale between the City of Iligan and CHC dated February 27, 2013. The lots on which the power plants of CHC are located were acquired by MPC from Alsons Development and Investment Corporation by virtue of the deed of sale dated November 21, 2013. The power plants of WMPC and SPPC were used as collaterals for the loans obtained to finance the construction of the said plants. The power plant of CHC and the lots of MPC were used as collateral for the rehabilitation of the CHC power plants.

ALC, the Company's property development company, initially owned a 700-hectare property in General Trias, Cavite. ALC also has properties in Batangas, Cabuyao in Laguna, and along Don Chino Roces Avenue (formerly Pasong Tamo Extension), Makati City. Its Batangas property currently has residential developments.

The Company maintains its corporate headquarters at the Alsons Building, Makati City, which is owned by ALC.

All of these properties are in good condition.

Table 8 – **Property, Plant and Equipment (consolidated)**

(Amounts in Thousand Pesos)	December 31, 2013	December 31, 2012
Main Engine of Power Plant	₱6,061,371	₱5,176,266
Land, Buildings and Leasehold Improvements	503,667	656,416
Plant Mechanical, Switchyard and Desulfurization Equipment	4,416,461	3,502,552
Plant Structures and Others	1,860,708	2,499,346
Machinery and Other equipment	313,685	818,217
Construction in Progress	3,840,005	168,998
Cumulative Translation Adjustments	(2,434,438)	(3,134,318)
Total	14,561,459	14,561,459
Less: Accumulated Depreciation and Amortization	(7,887,695)	(7,044,679)
Net Book Value	₱6,673,764	₱2,642,798

LEGAL PROCEEDINGS

Some of the subsidiaries or affiliates of the Company are from time to time involved in routine litigation as well as various legal actions incidental to their respective operations. However, in the opinion of the Company's management, none of these legal matters in which its subsidiaries or affiliates are involved, will be material to the Company's financial condition and results of operations. Refer to Note 36 of the Consolidated Notes to Financial Statements attached to this report for detailed description.

SUBMISSION of MATTERS to a VOTE of SECURITY HOLDERS

During the calendar year covered by this report, no business matter was submitted to a vote of security holders through solicitation of proxies or otherwise.

OPERATIONAL AND FINANCIAL INFORMATION

Market Price of and Dividends on the Registrant's Common Equity

1. Market Information

The public trading price of the Company's common shares for the last three (3) year in the Philippine Stock Exchange are as follows:

Table 9 – **Market Price of ACR Shares**

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2014	High	₱1.50			
	Low	1.27			
2013	High	1.58	₱1.45	₱1.51	₱1.44
	Low	1.22	1.25	1.31	1.25
2012	High	1.58	1.45	1.51	1.44
	Low	1.22	1.25	1.31	1.25
2011	High	1.51	1.53	1.62	1.27
	Low	1.32	1.33	1.10	1.10

Stock Price as of April 15, 2014 was at ₱1.45 per share.

2. Stockholders

As of April 15, 2014, ACR has 6,291,500,000 shares outstanding held by 486 stockholders. The list of the top twenty stockholders of the Company as recorded by Prime Stock Transfer Services, Inc., the Company's stock transfer agent, are as follows:

Table 10 – **Top Twenty (20) Stockholders**

Name	No. of Shares Held	% to Total
1. Alsons Corporation	2,592,524,072	41.21%
2. Alsons Power Holdings Corp.	1,249,999,600	19.87%
3. Alsons Development and Investment Corp.	1,188,524,026	18.89%
4. PCD Nominee Corporation (Filipino)	1,108,378,577	17.62%
5. PCD Nominee Corporation (Non-Filipino)	106,239,000	1.69%
6. Rennie C. Tan	7,000,000	0.11%
7. Felicisimo I. Alcantara	6,027,574	0.09%
8. SEC Account No. 2 fao: Various Customers of Guoco Securities	2,090,000	0.03%
9. All Asia Capital Trust & Investment Division A/C 95-001	1,830,000	0.03%
10. EBC Securities Corporation	1,030,000	0.02%
11. Felipe A. Cruz, Jr.	1,000,000	0.02%
11. Nora T. Go	1,000,000	0.02%
12. First Integrated Capital Securities, Inc.	900,000	0.01%

	(555300)		
13.	First Integrated Capital Securities, Inc. (555200)	795,000	0.01%
14.	Ansaldo, Godinez & Co., Inc.	755,000	0.01%
15.	George Go	750,010	0.01%
16.	AACTC FAO Trinity Investment	680,000	0.01%
17.	Generoso F. Balmeo	. 600,000	0.01%
17	EstebanYau	600,000	0.01%
18.	S. J. Roxas & Co., Inc.	507,000	0.01%
19.	Antonio Co	500,000	0.01%
19.	Mendoza, Martinez &/or Alberto Mendoza	500,000	0.01%
19.	Quiambao, Antonio S.	500,000	0.01%
19.	Roqueza, Ricardo S.	500,000	0.01%
19.	San Jose, Roberto V.	500,000	0.01%
19.	Vega, Luis &/or Eliseo C. Ocampo, Jr.	500,000	0.01%
20.	Mendoza, Alberto G. &/or Jeanie C. Mendoza	450,000	0.01%
	Total shares of top 20	**4,557,000**	**99.75%**

3. Dividends

Declaration of dividend is subject to approval by the Board of Directors. In its Board meeting held on March 21, 2013, the Board approved the payment of cash dividends of ₱0.016 per share on June 14, 2013 to stockholders of record on May 23, 2013.

The historical dividend declarations are follows:

Year	Date of Declaration	Per Share	Amount	Date of Record	Date of Payment
2012	May 4, 2012	₱0.010	₱62,915,000	May 18, 2012	June 14, 2012
2011	May 20, 2011	0.011	69,206,500	June 6, 2011	June 13, 2011
2010	March 26, 2010	0.010	62,915,000	April 20, 2010	May 17, 2010
2009	December 18, 2009	0.010	62,915,000	January 11, 2010	January 29, 2010

Management continuously endeavors to increase ACR's share value thru its new projects and project expansion programs while at the same time providing yearly dividends to its shareholders. On June 8, 2011, the Board of Directors approved the adoption of the following dividend policy: Regular dividends will be declared from 20% of the previous year's unappropriated retained earnings.

4. Sales of Unregistered Securities Within the Last Two (2) Years

There are no other securities sold for cash by the Company within the last two (2) years that were not registered under the Securities Regulation Code.

CORPORATE GOVERNANCE

1. Evaluation System to Measure Compliance with the Manual of Corporate Governance

The Company has adopted and complies with a Securities Exchange Commission (SEC) mandated Self-Rating Assessment System to determine the level of compliance of the Company's Board of Directors and Executive Officers to its Manual of Corporate Governance. There has been no substantive deviation from the Manual since its adoption.

2. Measures Undertaken to Fully Comply with Leading Practices on Good Corporate Governance

Aside from adopting a Manual of Corporate Governance and monitoring the Company's compliance with the same, the Company has created the audit, nomination and compensation committees and designated compliance officers for corporate governance matters. All of the Company's directors and executive officers have already attended an SEC-accredited seminar on Corporate Governance. The Company believes that constant monitoring of its compliance with the manual will improve the Company's corporate governance.

3. Plans to Improve Corporate Governance

The Company belonged to the twenty (20) top-ranked companies in the *2007 Corporate Governance Scorecard Project for Publicly Listed Companies in the Philippines*. The ranking was undertaken by the Institute of Corporate Directors (ICD), in partnership with the Securities & Exchange Commission (SEC), The Philippine Stock Exchange (PSE), and the Ateneo de Manila Law School. Scoring in Quartile 1 of 138 respondents spoke highly of the Company's commitment to raise its standards of corporate governance and its continued efforts to comply with the provisions embodied in its Manual on Corporate Governance.