



NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of **SOUTHEAST ASIA CEMENT HOLDINGS, INC.** will be held on Wednesday, June 26, 2013 at 9:00 a.m. at New World Makati Hotel, Esperanza Street corner Makati Avenue, Ayala Center, Makati City, Philippines.

The Agenda of the Meeting is as follows:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders Meeting dated June 27, 2012
4. Report of Management for the year 2012
5. Ratification of all Acts and Proceedings of the Board of Directors and Management since the 2012 Annual General Meeting
6. Election of the Board of Directors
7. Appointment of External Auditors
8. Transaction of such other matters as may properly come before the meeting
9. Adjournment

Only stockholders of record as at the close of business of May 27, 2013 are entitled to notice of, and to vote at, this meeting.

Should you be unable to attend the meeting in person but would like to be represented thereat, please accomplish the appropriate proxy form. **MANAGEMENT IS NOT ASKING YOU FOR A PROXY AND YOU ARE NOT TO SEND MANAGEMENT A PROXY.** All proxies must be in the hands of the undersigned before the time set for the meeting.

For your convenience in registering your attendance, please present some form of identification, such as passport, driver's license, or company ID. Registration will start at 8:30 a.m. and the registration booth will be closed at 9:00 a.m.

Makati City, Philippines, May 21, 2013.

MA. RUBY SARAH S. NITORREDA
Corporate Secretary

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

- ☐ Preliminary Information Statement
☒ Definitive Information Statement

2. Name of Registrant as specified in its charter
Southeast Asia Cement Holdings, Inc.

3. **Metro Manila, Philippines**
Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **AS094-003992**

5. BIR Tax Identification Code **003-871-592**

6. **25th Floor, The Salcedo Tower, 169 H.V. Dela Costa St., Salcedo Village,
Makati City, Metro Manila, Philippines 1229**
Address of principal office Postal Code

7. Registrant's telephone number, including area code **(632) 885 4599 local 4512**

8. **June 26, 2013, 9:00 a.m., New World Makati Hotel, Esperanza St. corner Makati
Avenue, Makati City, Metro Manila**
Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to
security holders **June 4, 2013**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of
the RSA (information on number of shares and amount of debt is applicable only to
corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
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Common Shares	6,449,913,681*
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11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes ☒ No ☐

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

Philippine Stock Exchange Common Shares	6,449,920,939
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**WE ARE NOT ASKING YOU FOR A PROXY AND
YOU ARE REQUESTED NOT TO SEND US A PROXY**

* As enlarged following the distribution of property dividends consisting of treasury shares that were approved for
declaration by the Corporation's board of directors on 20 December 2012. *N*

GENERAL INFORMATION

Date, Time And Place Of Meeting Of Security Holders ("Annual General Meeting")

Date of Meeting : **June 26, 2013**
Time of Meeting : **9:00 a.m.**
Place of Meeting : **New World Makati Hotel
Esperanza St. cor Makati Ave.
Makati City, Metro Manila**
Registrant's Mailing Address : **25th Floor, The Salcedo Tower
169 H.V. Dela Costa Street
Salcedo Village, Makati City
Metro Manila, Philippines 1229**
Approximate Date on Which the Information
Statement is First Sent Or Given to
Security Holders : **June 4, 2013**

Dissenters' Right of Appraisal

A stockholder of Southeast Asia Cement Holdings, Inc. ("Company" or "Corporation" or "Seacem") may exercise his appraisal right against certain corporate matters or actions and in the manner provided in Title X of the Corporation Code as follows:

- a. A stockholder will be entitled to exercise his appraisal right in case any of the following matters or actions occurs:
 - i. In case of any amendment to the Articles of Incorporation, which has the effect of changing or restricting the rights of shareholders or any class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of the Company's corporate existence;
 - ii. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
 - iii. In case of merger or consolidation of the Company with another corporation.
- b. A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right;
- c. The dissenting stockholder shall make a written demand on the Company for payment of the fair value of his shares within thirty (30) days after the date on which the vote was taken. The failure of the stockholder to make the demand within such period shall be deemed a waiver of his appraisal right;
- d. If the proposed corporate action is implemented or effected, the Company shall pay to such dissenting stockholder, upon surrender of the certificate(s) of stock representing his shares within ten (10) days after demanding payment of his shares, the fair value thereof, provided the Company has unrestricted retained earnings; and
- e. Upon payment of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Company.

There are no corporate matters or actions that will entitle dissenting stockholders to exercise their right of appraisal as provided in Title X of the Corporation Code.

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

- (a) No current director, nominee for election as director, associate of the nominee or executive officer of the Company at any time since the beginning of the last fiscal year has had any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office.
- (b) None of the incumbent directors has informed the Company in writing of an intention to oppose any action to be taken by the Company at the Annual General Meeting.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

- (a) The Company has 6,449,913,681 outstanding shares as of May 27, 2013, all of which are common shares of stock. Each share is entitled to one vote.
- (b) In accordance with the By-Laws of the Corporation, the Board of Directors has set May 27, 2013 as the record date for the purpose of determining stockholders entitled to notice of and to vote at the Annual General Meeting. All stockholders of record on May 27, 2013 are entitled to notice and to vote at the Annual General Meeting.
- (c) A stockholder entitled to vote at the meeting has the right to vote in person or by proxy. With respect to the election of directors, each stockholder may vote the shares registered in his name in the Company's stock and transfer book as of May 27, 2013 for as many persons as there are directors, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

The total number of votes that may be cast by a stockholder of the Company is computed as follows: no. of shares held on record as of record date x 9 directors.

Security Ownership of Certain Record and Beneficial Owners

(1) Security Ownership of Certain Record and Beneficial Owners and Management as of May 27, 2013:

<u>Title of Class</u>	<u>Name, Address of Record Owner and Relationship* with Issuer</u>	<u>Name of Beneficial Owner** and Relationship* with Record Owner</u>	<u>Citizenship</u>	<u>No. of Shares Held</u>	<u>Percent of Ownership</u>
Common	Calumboyen Holdings, Inc. Tycoon Center, Pearl Drive, Ortigas Center, Pasig City	Calumboyen Holdings, Inc. [Designate: Arlene C. De Guzman]	Filipino	3,995,807,554 (record)	61.95%

* Other than as stockholders and as disclosed in the Notes to the Audited Consolidated Financial Statements for transactions between the Company, the stockholders have no other relationship with the Company.

** For purposes of voting at the Annual General Meeting, the shares are voted by its authorized designate. The foregoing is without prejudice to the right of the registered owner to designate another proxy prior to the meeting.

Common	Lafarge Holdings (Philippines), Inc. [formerly Blue Circle Philippines, Inc.] 25 th Floor Salcedo Tower 169 H. V. dela Costa Street, Salcedo Village, Makati City	Lafarge Holdings (Philippines), Inc. [Designate: Dong H. Lee]	French	2,190,870,655 (record)	33.97%
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(2) Security Ownership of Management as of April 30, 2013:

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Dong Hoon Lee	1 (Record)	American	less than 1%
Common	Arlene C. De Guzman	1,225 (Record)	Filipino	less than 1%
Common	Benito R. Araneta	1,237 (Record)	Filipino	less than 1%
Common	Bryan K. Cockrell	1 (Record)	American	less than 1%
Common	Jaime C. Gonzalez	1,237 (Record)	Filipino	less than 1%
Common	Cirilo M. Pestaño II	1 (Record)	Filipino	less than 1%
Common	Martin Paul Reid	1 (Record)	British	less than 1%
Common	Andres B. Sta. Maria	10 (Record)	Filipino	less than 1%
Common	Wigberto E. Tañada	11,686 (Record)	Filipino	less than 1%
	Ma. Ruby Sarah S. Nitorreda	0	Filipino	
	Angela D. Edralin	0	Filipino	
	Myla San Buenaventura	0	Filipino	
Common	All above named Directors & Officers as a Group Unnamed	15,399		less than 1%

Voting Trust Holders of 5% Or More

No person holds at least 5% or more than 5% of a class under a voting trust or similar agreement.

Changes in Control

The Company is not aware of any existing arrangement which may result in a change in control of the Company since the beginning of its last fiscal year.

DIRECTORS AND EXECUTIVE OFFICERS

The following are the incumbent directors and officers of the Company, who are likewise nominees for election as directors and officers for the year 2013, to serve as such for a term of one (1) year until the election and qualification of their respective successors:

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DIRECTORS

DONG HOON LEE, 43, Chairman of the Board and Director, American. Mr. Lee was first elected director and Chairman of the Company on December 13, 2010. He is a Chemical Engineering Graduate of University of California, Berkeley and a holder of a Master in Business Administration degree from the London Business School. He is currently the Chairman and President of Lafarge Cement Services (Philippines), Inc., Lafarge Holdings (Philippines), Inc., Limay Grinding Mill Corporation and Southern Cross Cement Corporation; and director of Batong Angono Aggregates Corporation, Lafarge Republic, Inc., Round Royal, Inc. and South Western Cement Ventures, Inc. He was the Chief Executive Officer of Lafarge Cement (Vietnam) JV Stock Company for two years, and before that, was General Manager of Lafarge Gypsum (China) Co. Ltd, based in Shanghai, from 2004-2008.

ARLENE C. DE GUZMAN, 52, President and Director, Filipino. Ms. De Guzman has been a director of the Company since 2001 and became President of the Company on June 25, 2008. She graduated with a B.S. Business Economics (cum laude) degree from the University of the Philippines in 1981. She is currently Senior Vice President of the Pathfinder Group and a director and/or officer of the various companies under the Pathfinder Group, Grand Plaza Hotel Group, Calumboyan Holdings Group and the Seacem Group.

BENITO R. ARANETA, 69, Director, Filipino. Mr. Araneta has been a director of the Company since April 27, 1994. He is a B.S. Administration graduate of University of Portland, Oregon and is the President and a director of Country Club Development Corporation and The Country Club, Inc., and director of Honda Philippines, Inc., and Philweb Corporation. He is a member of the Board of Trustees of The Maritime Academy of Asia and the Pacific.

BRYAN K. COCKRELL, 66, Director, American. Mr. Cockrell has been a director of the Company since January 25, 2002. He is a B.S. Political Science/History graduate of Sophia University in Tokyo, Japan. Presently, he is the Chairman of Pathfinder Group, Calumboyan Holdings, Inc. and Bulacan Holdings, Inc., and a director of Lafarge Republic, Inc., and Grand Plaza Hotel Corporation. His business affiliations are: Philippine Hotel Federation, Inc., and Rotary Club of Makati.

CIRILO M. PESTANO II, 54, Director, Filipino. Mr. Pestaño was first elected director of the Company on June 24, 2009. He is a Bachelor of Science in Mechanical Engineering graduate of the University of Santo Tomas. He is currently the President of Lafarge Iligan, Inc., Lafarge Mindanao, Inc., and Batong Angono Aggregates Corporation. He is also the Vice-President for Communications and a director of Lafarge Cement Services (Philippines), Inc. and formerly its Vice President for Sales. He is a director of Bulacan Holdings, Inc., Calumboyan Holdings, Inc., Lafarge Holdings (Philippines), Inc., Limay Grinding Mill Corporation, Lafarge Republic, Inc., Seacem Silos, Inc., and Sigma Cee Mining Corporation; and formerly Director of Boral Plasterboard Philippines, Inc. and the President of FR Cement Corporation.

MARTIN PAUL REID, 46, Director, British. Mr. Reid was elected director on September 28, 2011 in replacement of Gerhard Nagl who had resigned. He is a Bachelor of Science in Management Sciences (Honors) graduate of the University of Manchester Institute of Science and Technology in Manchester, a holder of a Master in Business Administration degree from the Nottingham Business School, and a chartered accountant. He is currently the Vice President for Finance and a director of Lafarge Cement Services (Philippines), Inc. (LCSPI). He is also the treasurer and a director of Lafarge Holdings (Philippines), Inc.; and director of Bulacan Holdings, Inc., Calumboyan Holdings, Inc., and Lafarge Republic, Inc. Prior to joining LCSPI, he was Vice President of Financial Control & Performance for Worldwide Aggregates of Lafarge SA from January 2010 and prior to that was with Lafarge UK Services and Lafarge Aggregates. √

ANDRES B. STA. MARIA, 64, Director, Filipino. Mr. Sta. Maria has been a director of the Company since May 5, 2000. He studied law at New York University, Cornell University, and the University of the Philippines, and business at the University of the Philippines (Entrance Scholar, University Scholar, College Scholar, Order of the Purple Feather, Phi Kappa Phi). He holds degrees in Master of Laws, Bachelor of Laws, and Bachelor of Science (Business Administration). He is currently a Senior Partner at SyCip Salazar Hernandez & Gatmaitan Law Offices. He was previously an attorney with Clearly Gottlieb Steen & Hamilton (New York) and Coudert Brothers (New York). He is a member of the American Chamber of Commerce, European Chamber of Commerce, Makati Business Club, Philippine Council for Foreign Relations, the Asia Society and Rotary Club of Makati. He is also a member of the board of directors of several Philippine companies, including United Laboratories, Inc., Pathfinder Group Philippines, Inc., Shimizu Philippines Contractors, Inc., Lafarge Cement Services (Philippines), Inc., Lucky One Ventures, Inc., Calumbuyan Holdings, Inc., Bulacan Holdings, Inc., and Sigma Cee Mining Corporation.

JAIME C. GONZALEZ, 67, Independent Director, Filipino. Mr. Gonzalez has been a Director of the Company since October 29, 1998. He is a graduate of Harvard Business School (MBA) and of De La Salle University in Manila: B.A. in Economics (cum laude) and B.S. in Commerce (cum laude). He is the founder and the Chairman & Chief Executive Officer of AO Capital Partners, a financial and investment advisory firm with headquarters in Hong Kong. He is presently a member of the Board of Directors of a number of publicly listed companies, including Chairman of IPVentures Inc. (which is involved in information technology and new media, retail/food & beverage, natural resources, and real estate and resort development) and Chairman of Arthaland Corporation (a property development company listed in the Philippine Stock Exchange).

WIGBERTO E. TAÑADA, 78, Independent Director, Filipino. Mr. Tañada has been a director of the Company since June 27, 2001. He is a Bachelor of Arts graduate of Ateneo de Manila University, a graduate of Bachelor of Laws from Manuel L. Quezon University and holds a Master of Laws degree from Harvard Law School. He is presently the Chairman of Universal Motors Corporation, Manuel L. Quezon University, Philippine Working Group for an ASEAN Human Rights Mechanism, Philippine Rural Reconstruction Movement, and UCPB-CIIF Oil Mills Group. He is President of Agrarian Justice Foundation; and Lead Convenor of the Fair Trade Alliance. He also sits in the Board of Lafarge Republic, Inc. as an independent director; and is director of PET Plans, Inc. He has also held the following positions: Congressman, 4th District, Quezon Province; Senator, Republic of the Philippines; Member, Judicial Bar Council; Commissioner, Bureau of Customs; Bar Examiner; Law Professor, Manuel L. Quezon University. Past President of the Liberal Party and member of Harvard Club of the Philippines and the Integrated Bar of the Philippines.

Messrs. Jaime C. Gonzalez and Wigberto E. Tanada are the independent directors of the Company, pursuant to Rule 38 of the Securities Regulations Code ("SRC") and Rule 38.1 of the Implementing Rules and Regulations of the SRC.

OTHER EXECUTIVE OFFICERS

RUBY SARAH S. NITORREDA, 49, Corporate Secretary, Compliance Officer and Corporate Information Officer, Filipino. Ms. Nitorreda has been the Corporate Secretary of the Corporation since July 16, 2004. Ms. Nitorreda holds a Bachelor of Laws degree from the University of the Philippines and a Bachelor of Arts degree in Economics from the same university. She is currently the Vice President for Legal & Corporate Governance of Lafarge Cement Services (Philippines), Inc.; a director and Corporate Secretary of Batong Angono Aggregates Corporation, Lafarge Cement Services (Philippines), Inc., Round Royal, Inc., Seacem Silos, Inc. and South Western Cement Ventures, Inc.; director, Corporate Secretary and Corporate Information Officer of Lafarge Republic, Inc.; director of Lafarge Iligan, Inc.;

Corporate Secretary of Lafarge Holdings (Philippines), Inc., Limay Grinding Mill Corporation, and Quimson Limestones, Inc.; and Assistant Corporate Secretary of Bulacan Holdings, Inc., Calumboyen Holdings, Inc., Lucky One Realty Ventures, Inc., Luzon Continental Land Corporation, Sigma Cee Mining Corporation and Southern Cross Cement Corporation. Prior to joining Lafarge Cement Services (Philippines), Inc., she was a partner at Quisumbing Torres (associated office of Baker and McKenzie in Manila) and at Benitez Parlade Africa Herrera Parlade and Panga Law Offices.

MYLA SAN BUENAVENTURA, 38, Treasurer, Filipino, was first elected Treasurer of the Company on June 24, 2009. She is a Certified Public Accountant. She is currently the Group Controller of Lafarge Cement Services (Philippines), Inc.; a director and Treasurer of Lafarge Iligan, Inc., Lucky One Realty Ventures, Inc., Luzon Continental Land Corporation, Quimson Limestones, Inc. and Seacem Silos, Inc.; and Treasurer of Lafarge Mindanao, Inc., Calumboyen Holdings, Inc., and Sigma Cee Mining Corporation. She was previously the Plant Controller of Lafarge Republic, Inc. – Teresa Plant.

ANGELA D. EDRALIN, 39, Assistant Corporate Secretary, Filipino. Ms. Edralin has been the Assistant Corporate Secretary of the Corporation since November 21, 2002. She is a B.S. Management graduate from the Ateneo de Manila University and received her Juris Doctor degree from the Ateneo College of Law. She is also the Assistant Corporate Secretary of Lafarge Cement Services (Philippines), Inc., Lafarge Holdings, (Philippines), Inc., Limay Grinding Mill Corporation, Round Royal, Inc., and South Western Cement Ventures, Inc.; and Assistant Corporate Secretary and Compliance Officer of Lafarge Republic, Inc. (formerly Republic Cement Corporation). She is currently the Institutional Sales Manager of Lafarge Cement Services (Philippines), Inc.

Term of Office

Directors so elected will hold office until the next succeeding annual meeting and until their respective successors shall have been duly elected and qualified, or until he shall have resigned.

Officers are appointed or elected annually by the Board of Directors. Appointed or elected officers are to hold office until a successor shall have been elected, appointed or shall have qualified.

Nominees for Election as Members of the Board of Directors

In accordance with the By-Laws, as amended, the Company is required to have at least two (2) independent directors or such number of directors as shall constitute at least 20% of the members of the Board of Directors of the Company, whichever is lesser. The independent directors shall be nominated and elected in accordance with the rules and regulations implementing the Securities Regulation Code.

The principal stockholders of the Company [i.e., Calumboyen Holdings, Inc. and Lafarge Holdings (Philippines), Inc.] nominated Messrs. Jaime C. Gonzalez and Wigberto Tañada as independent directors of the Company and the incumbent directors for election as directors at the Annual General Meeting of the shareholders.

Except as directors and shareholders of the Company, Messrs. Gonzalez and Tañada have no other relationship with the Company, Calumboyen Holdings, Inc. or Lafarge Holdings (Philippines), Inc. Neither have Messrs. Gonzalez and Tañada rendered services to the Company in the last five (5) years except as such directors.

Messrs. Gonzales and Tañada have always possessed the qualifications and none of the disqualifications set forth in Rule 38 of the Implementing Rules and Regulations of the

Securities Regulation Code ("SRC"). On June 8, 2012 and June 19, 2012 respectively, Messrs. Gonzalez and Tanada certified that they possessed all the qualifications and none of the disqualifications prescribed by Section 38 of the SRC and its implementing regulations for an independent director and undertook to faithfully comply with the duties of an independent director. In approving the nominations for Independent Directors, the Nominations Committee took into consideration the guidelines on the nomination of Independent Directors prescribed in Rule 38 of the Implementing Rules and Regulations of the SRC and the qualifications prescribed by the Company's Revised Manual of Corporate Governance. The Nomination Committee of the Company is composed of Mr. Wigberto E. Tañada as Chairman and Ms. Arlene C. De Guzman and Mr. Cirilo Pestaño II as members.

Significant Employees

The Company has no employee who is not an executive officer but is expected to make a significant contribution to the business of the Company.

Family Relationships

All the above named directors and/or executive officers of the Company are not related, either by consanguinity or affinity up to the fourth civil degree.

Involvement in Certain Legal Proceedings

The Company is not aware of any of the following events during the past five (5) years up to the date of this report involving the directors or executive officers of the Company, except that Mr. Andres Sta. Maria in his capacity as a director of a major Philippine company was subject of criminal complaints for perjury and libel, which have since been dismissed, together with all the other directors of said company, filed by dismissed employees and against whom the said company had previously initiated criminal action:

- (a) any bankruptcy petition filed by or against any business of which any of the directors or executive officers was a general partner or executive officer either at the time of bankruptcy or within two (2) years prior to that time;
- (b) any conviction by final judgment in a criminal proceeding, domestic or foreign, or any criminal proceeding, domestic or foreign, pending against any of the directors or executive officers;
- (c) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of the directors or executive officers in any type of business, securities, commodities or banking activities; and
- (d) any finding by a domestic or foreign court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self regulatory organization that any of the directors or executive officers has violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Resignation of Directors

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices. ✓

Certain Relationships and Related Transactions

Except as disclosed in the Audited Consolidated Financial Statements of the Company, there has been no transaction during the last two (2) years, or proposed transactions, with directors, executive officers, or any principal stockholders (owning at least 10% of the Company's voting securities) not in the ordinary course of business.

Note 13 of the audited consolidated financial statements for the period ended December 31, 2012 (Annex A) provides information on the Company's significant transactions with related parties. As stated in said Note 13, these related party transactions are consummated at terms comparable to those charged by or billed to third party suppliers or customers, and their respective business purpose, economic substance and effect on the financial statements are as follows:

- a. Service Agreement with Lafarge Cement Services (Philippines), Inc. for support on bookkeeping, treasury and corporate services and for which the Company pays LCSPI variable and fixed fees depending on the volume and nature of transactions. Total fees for the year amounted to PhP1.60 million in 2012, 2011 and 2010.
- b. Trade-related transactions with Lafarge Holdings (Philippines), Inc. and LRI for reimbursement of expenses amounting to PhP62,428 in 2010, PhP62,428 in 2011 and PhP12,020 in 2012.

Total payables to related parties amounted to PhP4.6 million in 2010, PhP0.8 million in 2011 and PhP1.1 million in 2012.

There are no transactions with parties that fall outside the definition of "related parties" under SFAS/IAS No. 24, with whom the Company or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

Compensation of Directors and Executive Officers

SUMMARY COMPENSATION TABLE

(a) Name and Principal position*	(b) Year	(c) Salary	(d) Bonus	(e) Other Annual Compensation
Dong Hoon Lee - Chairman, Arlene C. de Guzman – President Ruby Sarah S. Nitorreda – Corporate Secretary Myla San Buenaventura - Treasurer				
Total Compensation	2013 (estimate)	none	none	none
Total Compensation	2012	none	none	none
Total Compensation	2011	none	none	none
All officers and directors as a group	2013	PhP 600,000 (estimate)		
All officers and directors as a group	2012	PhP 700,000		
All officers and directors as a group	2011	PhP 510,000		

** The Company has no officers receiving compensation from the Company, and has also no employees. Thus, there are no standard arrangements with officers or employees. A holding company, the Company has entered into a service agreement with Lafarge Cement Services (Philippines), Inc. for corporate services, bookkeeping and treasury

services for which the Company pays retainer fees, as disclosed in note 13 of the Audited Consolidated Financial Statements.

Compensation of Directors

(a) Directors are given a director's fee ranging from PhP10,000.00 to PhP25,000.00 for attendance at board meetings or meetings of the Audit Committee and Nomination Committee.

(b) Except for the foregoing, there are no arrangements, including consulting contracts, pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the last completed fiscal year, and the ensuing year, for any service provided as a director. Neither are there any additional amounts payable for the completed fiscal year, for committee participation or special assignments as directors.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

(a) There are no employment contracts between the Company and a named executive officer.

(b) Neither is there a compensatory plan or arrangement, including payments to be received from the Company, with respect to a named executive officer, which plan or arrangement results or will result from the resignation, retirement or any other termination of such executive officer's employment with the Company and its subsidiaries or from a change-in-control of the Company or a change in the named executive officer's responsibilities following a change-in-control and the amount involved, including all periodic payments or installments, exceed P2,500,000.

Independent Public Accountants

A representative of Navarro Amper & Co. (formerly Manabat Delgado Amper and Co.), the Company's independent auditors, is expected to be present at the Annual General Meeting of the stockholders and will have an opportunity to make a statement if he or she so desires. The representative will also be available to respond to appropriate questions from the stockholders.

There was no event in the past where Navarro Amper & Co. had any disagreement with the Company with regard to any matter relating to accounting principles or practices or financial statement disclosure or auditing scope or procedure, as required to be disclosed.

External Audit Fees and Services

In Thousand Pesos	2012	2011	2010
Auditors' fees on:			
a. Audit of statutory and regulatory filings	297	297	297
b. Other assurance and related services related to the audit or review of financial statements	-	-	-
c. Tax fees – tax accounting, compliance, advice, planning and any other form of tax services	-	-	-
d. All other fees for services other than (a), (b) or (c)	-	-	-

The Board of Directors of the Company recommends a vote for the appointment of Navarro Amper & Co. as the independent auditors of the Company for the current year. The handling partner of Navarro Amper & Co. is rotated at least once every five years, in compliance with the five (5) year limit under SRC Rule 68 (3) (b) (iv). w

The engagement of the external auditor of the Company for services other than for statutory and regulatory filings require prior approval thereof by the Audit Committee of the Company, composed of Jaime C. Gonzalez as Chairman and Andres B. Sta. Maria and Martin Paul Reid as members. The Audit Committee's approval policies and procedures for the services of the external auditors are discussed in the Company's Manual of Corporate Governance adopted and approved by the Board of Directors and duly filed with the SEC.

FINANCIAL AND OTHER INFORMATION

Financial Statements

The 2012 Audited Consolidated Financial Statements and the auditors' PTR, name of certifying partner, SEC accreditation number and address are attached as **Annex "A"**.

A copy of the Company's Amended SEC Form 17-Q for the quarter ending March 31, 2013 is likewise hereto attached as **Annex "B"**.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Consolidated Operations of the Company and its subsidiary as of December 31, 2012 is hereto attached as **Annex "C"** and made an integral part hereof.

Brief Description of the General Nature and Scope of the Business of Registrant and Subsidiaries

A brief description of the general nature and scope of the business of the Company and its subsidiary is hereto attached as **Annex "D"**.

OTHER MATTERS

Action with Respect to Reports

The approval of the following will be considered and acted upon at the Annual General Meeting:

- a. Minutes of the Annual Stockholders' Meeting held on June 27, 2012 with the following items:
 1. Approval of the Minutes of the Annual Stockholders' Meeting on June 29, 2011;
 2. Report of Management for the year 2011;
 3. Ratification of all Acts and Proceedings of the Board of Directors and Management since the 2011 Annual General Meeting;
 4. Election of the Board of Directors;
 5. Appointment of External Auditors.
- b. Report of Management for the year 2012
- c. Ratification of all acts of the Board of Directors and Management since the last Annual General Meeting of June 27, 2012 such as:
 - i. Election of officers and members of the Board committees;
 - ii. Board authority to sell some of the Company's shares of stock of Lafarge Republic, Inc. ("LRI") to be followed by a property dividend, share swap or other option deemed most feasible and cost effective within the grace

period allowed by the PSE for the Company's associate and principal investment LRI to meet the 10% minimum public float requirement, provided board approval is obtained for the specific actions and terms and conditions, and authorizing the Company's authorized representatives to implement;

- iii. Sale of the Company's 136 million LRI shares to institutional investors;
- iv. Authority to conduct a voluntary tender offer to buyback up to an aggregate 989,338,284 of the Company's shares held by its public shareholders;
- v. Company's purchase of 930,730,108 of its shares and its sale of 249,525,417 LRI shares to the tendering shareholders, pursuant to the voluntary tender offer;
- vi. Approval of the declaration of cash dividends in the amount of PhP0.38 per outstanding common share and property dividends consisting of treasury shares in the amount of 1 treasury share per 5.93 outstanding common shares, under specified terms and conditions;
- vii. Approval of the Parent Company's 2012 audited financial statements;
- viii. Board authority to sell up to 100 million LRI shares of the Company to the public and the Company's remaining LRI shares and its shares of stock in Seacem Silos, Inc. to related parties, and calling for a special stockholders meeting to approve the sale of shares to related parties;
- ix. Sale of 50 million LRI shares to various institutional investors pursuant to Board authority;
- x. Sale of 1,113,089,336 LRI shares to related parties pursuant to Board and shareholder approval;
- xi. Board authority to issue up to 600 million shares from the Company's authorized and unissued capital stock to not more than 18 qualified public shareholders;
- xii. Approval of the consolidated Audited Financial Statements of the Company and its Subsidiary for the fiscal year ended December 31, 2012;;
- xiii. Designation of representatives to vote at the stockholders meeting of Lafarge Republic, Inc.;
- xiv. Authorization to the President, Corporate Secretary and Treasurer of the Company to sign the Annual Report for the year ended December 31, 2012;
- xv. Setting the annual stockholders meeting of the Company;
- xvi. Approval of the amendment of the Company's By-Laws to change its fiscal year to start on July 1 of each year;
- xvii. Board approval of the declaration of cash dividends in the amount of PhP1.656 per outstanding common share to stockholders of record as of June 5, 2013, based on 6,449,913,681 outstanding shares resulting from the distribution of the property dividends that were approved for declaration by the Board on December 20, 2012;

Copies of the resolutions of the Board of Directors since the date of the 2012 Annual General Meeting will be available for examination during office hours at the office of the Corporate Secretary and at the Annual General Meeting.

- d. Election of Directors
- e. Appointment of External Auditors. w

Voting Procedures

Vote Required

- a. Each share of the common stock outstanding on the record date will be entitled to one (1) vote on all matters.
- b. In the election of directors, the nine (9) nominees with the greatest number of votes will be elected directors. If the number of nominees does not exceed the number of directors to be elected, the Secretary of the meeting, upon motion made, is instructed to cast all votes represented at the meeting in favor of the nominees. However, if the number of nominees exceeds the number of directors to be elected, voting shall be done by ballots. Cumulative voting shall be followed.
- c. For all proposals or matters submitted to a vote, the affirmative vote of stockholders holding at least a majority of the Company's outstanding capital stock present or represented by proxy and entitled to vote shall be necessary. Unless required by law, or the stockholders, the shares are traditionally voted by verbal motion and duly seconded during the meeting. A matter is carried and approved when there is no objection from the floor.
- d. Counting of votes, when necessary, shall be done by the Corporate Secretary or Assistant Corporate Secretary with the assistance of the independent auditors and the Company's stock transfer agent.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati, Metro Manila on June 3, 2013.

W

SOUTHEAST ASIA CEMENT HOLDINGS, INC.
Issuer


RUBY SARAH S. NITORREDA
Corporate Secretary/
Corporate Information Officer



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The Management of Southeast Asia Cement Holdings, Inc. and a Subsidiary (the "Group") is responsible for the preparation and fair presentation of the financial statements as at December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010, in accordance with Philippine Financial Reporting Standards, including the additional components attached therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders or members.

Navarro Amper & Co., the independent auditors, appointed by the stockholders has examined the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

Dong Hoon Lee
Chairman of the Board

Arlene De Guzman
President

Myla San Buenaventura
Treasurer

Signed this 2nd day of April 2013

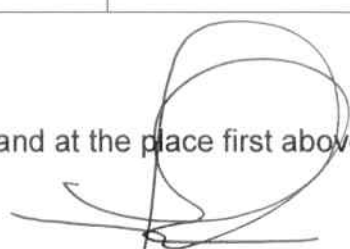
REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

SUBSCRIBED AND SWORN to before me this ____ day of 02/10/08 in Makati City, affiant exhibited to me their respective Social Security System ID or Passports or Tax Identification Numbers (TIN).

Name	Community Tax/Certificate Number/Government ID	Date and Place Issued
Dong H. Lee	Passport No. 711189763 TIN 400-675-684	Jan. 9, 2007 to Jan. 8, 2017/USA
Myla San Buenaventura	CTC No. 07050830 SSS No. 05-0510-595-0	Feb. 16, 2012 Makati City

WITNESS MY HAND AND SEAL on the date and at the place first above written.

Doc No. 407
Page No. 83
Book No. II
Series of. 213


FELIPPE MARTE E. CLOSA
Notary Public
Until 31 December 2013
PTR No. 3685202/Makati/1-15-13
IBP No. 924484/Batangas/1-10-13
Appointment No. M-401
ROLL OF ATTORNEY NO. 58673
5/F SOV II BLDG., 6758 AYALA AVE.
MAKATI CITY


REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

SUBSCRIBED AND SWORN to before me this 27 MAR 2016 day of _____ in Makati City, affiant exhibited to me their respective Social Security System ID or Passport

Name	Community Tax/Certificate Number/Government ID	Date and Place Issued
Arlene C. De Guzman	SSS 03-83474751-1 Passport No. AB3425505	August 18, 2011 to August 17, 2016/PE JAKARTA

WITNESS MY HAND AND SEAL on the date and at the place first above written.

Doc No. 392
Page No. 80
Book No. II
Series of. 7013


FELIPPE MART E. CLOSSA
Notary Public
Until 31 December 2013
PTR No. 3685202/Makati/1-15-13
IBP No. 924484/Batangas/1-10-13
Appointment No. M-401
ROLL OF ATTORNEY NO. 58673
Bldg., 6758 AYALA AVE.,
CITY

NavarroAmper & Co.

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Philippines

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Fax: +63 2 869 3676
www.deloitte.com/ph

BOA/PRC Reg. No. 0004
SEC Accreditation No. 0001-FR-3

Securities and Exchange Commission
SEC Building, EDSA
Mandaluyong City

Gentlemen:

In connection with our audit of the consolidated statement of financial position of Southeast Asia Cement Holdings, Inc. and a Subsidiary as at December 31, 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, we wish to state that the Company is listed with the Philippine Stock Exchange.

Navarro Amper & Co.
BOA Registration No. 0004, valid from October 22, 2012 to December 31, 2015
SEC Accreditation No. 0001-FR-3, issued on January 4, 2013; effective until January 3, 2016, Group A
TIN 005299331

By:


Francis B. Albalate
Partner

CPA License No. 0088499
SEC A.N. 0104-AR-3, issued on June 28, 2012; effective until June 27, 2015, Group A
TIN 120319015
BIR A.N. 08-002552-32-2011, issued on November 11, 2011; effective until November 10, 2014
PTR No. A-1724350, issued on January 7, 2013, Taguig City

Taguig City, Philippines
April 2, 2013



INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
SOUTHEAST ASIA CEMENT HOLDINGS, INC. AND A SUBSIDIARY
25th Floor, The Salcedo Tower
169 H.V. Dela Costa St.
Salcedo Village, Makati City, Philippines

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Southeast Asia Cement Holdings, Inc. and a Subsidiary, which comprise the consolidated statements of financial position as at December 31, 2012 and 2011, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Southeast Asia Cement Holdings, Inc. and a Subsidiary as at December 31, 2012 and 2011, and of their financial performance and their cash flows for each of the three years in the period ended December 31, 2012 in accordance with Philippine Financial Reporting Standards.


Navarro Amper & Co.

BOA Registration No. 0004, valid from October 22, 2012 to December 31, 2015

SEC Accreditation No. 0001-FR-3, issued on January 4, 2013; effective until January 3, 2016, Group A

TIN 005299331

By:


Francis B. Albalade
Partner

CPA License No. 0088499

SEC A.N. 0104-AR-3, issued on June 28, 2012; effective until June 27, 2015, Group A

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BIR A.N. 08-002552-32-2011, issued on November 11, 2011; effective until November 10, 2014

PTR No. A-1724350, issued on January 7, 2013, Taguig City

Taguig City, Philippines
April 2, 2013



SOUTHEAST ASIA CEMENT HOLDINGS, INC. AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Notes	2012	2011
ASSETS			
Current Assets			
Cash and cash equivalents	7	P2,601,427,875	P 826,889,421
Prepayments and other current assets - net	8	7,622,682	10,289,523
		2,609,050,557	837,178,944
Non-current assets classified as held-for-sale	10, 21, 26	123,958,066	-
Total Current Assets		2,733,008,623	837,178,944
Non-current Assets			
Investment in an associate	9	4,148,448,975	5,435,781,729
Investment property - net	10	-	123,958,042
Deferred tax asset	21	179,530	5,553
Total Non-current Assets		4,148,628,505	5,559,745,324
		P6,881,637,128	P6,396,924,268
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	11	P 7,685,205	P 2,708,390
Income tax payable		179,374	-
Cash dividends payable	16	2,062,927,855	289,637
		2,070,792,434	2,998,027
Liabilities of the disposal group as classified held-for-sale	11, 26	90,777	-
		2,070,883,211	2,998,027
Equity			
Capital stock	14	2,257,472,329	2,257,472,329
Treasury stock distributable as dividends	15, 16	1,396,095,162	-
Reserves	9	78,087,017	77,400,402
Retained earnings	16	3,666,103,558	4,281,327,907
		7,397,758,066	6,616,200,638
Treasury stock	9, 15	(2,587,004,149)	(222,274,397)
		4,810,753,917	6,393,926,241
		P6,881,637,128	P6,396,924,268

See Notes to Consolidated Financial Statements.



SOUTHEAST ASIA CEMENT HOLDINGS, INC. AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31					
	Notes	2012	2011	2010	
Gain on Disposal of Investment in an Associate	9	P2,150,457,126	P -	P -	
Operating Expenses	18	14,306,912	7,441,124	6,438,538	
		2,136,150,214	(7,441,124)	(6,438,538)	
Other Income	17	51,939,974	23,769,739	10,849,451	
Other Expenses	19	16,651,150	349,672	4,479	
Profit from Operations		2,171,439,038	15,978,943	4,406,434	
Equity in Net Profit of an Associate	9	696,492,249	653,040,562	1,109,277,366	
Profit Before Tax		2,867,931,287	669,019,505	1,113,683,800	
Income Tax Expense	20	5,373	18,415	-	
Profit for the Year		2,867,925,914	669,001,090	1,113,683,800	
Basic and Diluted Earnings Per Share	24	P 0.453	P 0.105	P 0.175	
Other Comprehensive Income					
Share in actuarial gain (loss) of an associate	9	(24,385,424)	(28,669,604)	9,888,555	
Share in cash flow hedge instruments of an associate	9	-	21,804	(21,804)	
Share in unrealized holding gain of an associate	9	291,123	84,024	75,516	
Other Comprehensive Income (Loss)		(24,094,301)	(28,563,776)	9,942,267	
Total Comprehensive Income		P2,843,831,613	P640,437,314	P1,123,626,067	

See Notes to Consolidated Financial Statements.



SOUTHEAST ASIA CEMENT HOLDINGS, INC. AND A SUBSIDIARY
STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31

	Share in (Note 9)		Cash Flow Hedge		Unrealized Holding Gain of an Investment		Revaluation on Mineral Reserves (Note 9)		Revaluation Surplus on Property Plant and Equipment of an Associate (Note 9)		Treasury Stock Distributable as Dividends (Notes 13, 10)		Additional Paid- in Capital		Actuarial Loss of an Associate		Retained Earnings		Treasury Stock (Note 15)		Total	
	Common Stock (Note 14)	P																				
Balance, January 1, 2010, as previously reported	P2,257,472,329	-					P31,908,000		P178,252,979		P		P174,696		(P31,323,286)		P2,638,278,406		(P 222,274,397)		P4,979,659,228	
Effect of adoption of PIC Q&A 2011-05	-	-					-		(178,252,979)		-		-		-		178,252,979		-		-	
Balance, January 1, 2010 - as restated	2,257,472,329	-					31,908,000		-		-		174,696		(31,323,286)		2,816,531,385		(222,274,397)		4,979,659,228	
Profit for the year	-	-					-		-		-		-		-		1,113,683,800		-		1,113,683,800	
Other comprehensive income	-	-					-		-		-		75,516		-		-		-		75,516	
Unrealized holding gain of an investment	-	-					-		-		-		-		(21,804)		-		-		(21,804)	
Cash flow hedge instruments of an associate	-	-					-		-		-		-		-		9,888,555		-		9,888,555	
Actuarial gain of an associate	-	-					-		-		-		-		-		-		-		-	
Total comprehensive income (loss)	-	-					-		-		-		75,516		(21,804)		1,113,683,800		(222,274,397)		1,123,626,007	
Dividends declared	-	-					-		-		-		-		-		(127,155,349)		-		(127,155,349)	
Balance, December 31, 2010, as restated	2,257,472,329	-					31,908,000		-		-		250,212		(21,804)		3,803,059,836		(222,274,397)		5,976,129,946	
Balance, January 1, 2011, as previously reported	2,257,472,329	-					31,908,000		161,960,754		-		250,212		(21,804)		3,641,099,082		(222,274,397)		5,976,129,946	
Effect of adoption of PIC Q&A 2011-05	-	-					-		(161,960,754)		-		-		-		161,960,754		-		-	
Balance, January 1, 2011 - as restated	2,257,472,329	-					31,908,000		-		-		250,212		(21,804)		3,803,059,836		(222,274,397)		5,976,129,946	
Profit for the year	-	-					-		-		-		-		-		669,001,090		-		669,001,090	
Other comprehensive income	-	-					-		-		-		84,024		-		-		-		84,024	
Unrealized holding gain of an investment	-	-					-		-		-		-		21,804		-		-		21,804	
Cash flow hedge instruments of an associate	-	-					-		-		-		-		-		-		-		-	
Actuarial loss of an associate	-	-					-		-		-		-		-		(28,669,604)		-		(28,669,604)	
Total comprehensive income (loss)	-	-					-		-		-		84,024		(21,804)		669,001,090		-		640,437,314	
Adjustment on revaluation on mineral reserves	-	-					-		-		-		-		-		-		-		-	
Dividends declared	-	-					-		-		-		-		-		(190,733,019)		-		(190,733,019)	
Balance, December 31, 2011, as restated	2,257,472,329	-					-		-		-		334,236		(50,104,335)		4,281,327,907		(222,274,397)		6,393,926,241	
Balance, January 1, 2012, as previously reported	2,257,472,329	-					-		138,839,951		-		334,236		(50,104,335)		4,142,487,936		(222,274,397)		6,393,926,241	
Effect of adoption of PIC Q&A 2011-05	-	-					-		(138,839,951)		-		-		-		138,839,951		-		-	
Balance, January 1, 2012 - as restated	2,257,472,329	-					-		-		-		334,236		(50,104,335)		4,281,327,907		(222,274,397)		6,393,926,241	
Profit for the year	-	-					-		-		-		-		-		2,867,925,914		-		2,867,925,914	
Other comprehensive income	-	-					-		-		-		291,123		-		-		-		291,123	
Unrealized holding gain of an investment	-	-					-		-		-		-		(24,385,424)		-		-		(24,385,424)	
Actuarial loss of an associate	-	-					-		-		-		291,123		(24,385,424)		2,867,925,914		-		2,843,831,613	
Total comprehensive income (loss)	-	-					-		-		-		(166,419)		-		(24,780,916)		-		-	
Reduction as a result of disposal of investment	-	-					-		-		-		-		-		-		-		-	
Buy-back of common shares	-	-					-		-		-		-		-		-		-		-	
Dividends declared	-	-					-		-		-		-		-		(3,458,369,347)		-		(2,364,720,752)	
Balance, December 31, 2012	P2,257,472,329	P1,396,095,162					P		-		-		P458,940		(P49,542,424)		P3,666,103,558		(P2,587,004,149)		P4,810,753,917	

See Notes to Consolidated Financial Statements.



SOUTHEAST ASIA CEMENT HOLDINGS, INC. AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31				
	Notes	2012	2011	2010
Cash Flows from Operating Activities		P2,867,931,287	P669,019,505	P1,113,683,800
Profit before tax				
Adjustments for:				
Gain on disposal of investment in an associate	9	(2,150,457,126)	-	-
Equity in net profit of an associate	9	(696,492,249)	(653,040,562)	(1,109,277,366)
Provision for input value added taxes	8, 19	9,404,978	-	-
Reversal of long-outstanding other payable	17	(968,716)	-	(1,210)
Provision for (Reversal of) third party claims	12	-	(1,000,000)	3,089
Interest income	7	(50,971,258)	(22,769,739)	(10,840,466)
Operating cash flows before working capital changes		(21,553,084)	(7,790,796)	(6,432,153)
Increase in prepayments and other current assets - net		(2,932,547)	(971,474)	(1,363,216)
Increase (Decrease) in trade and other payables		6,419,105	(3,543,254)	321,878
Cash used in operations	9	(18,066,526)	(12,305,524)	(7,473,491)
Dividend received		650,418,196	433,612,131	371,667,541
Payments of third party claims		-	-	(1,003,089)
Income taxes paid		-	(156)	(1,234)
Net cash from operating activities		632,351,670	421,306,451	363,189,727
Cash Flows from Investing Activities				
Proceeds from disposal of investment in an associate	9	1,136,573,760	-	-
Interest received		47,279,908	22,769,739	10,840,466
Net cash from investing activity		1,183,853,668	22,769,739	10,840,466
Cash Flows from Financing Activities				
Payments to acquire treasury stock		(41,648,120)	-	-
Dividends paid		(18,764)	(190,443,382)	(127,155,349)
Net cash used in financing activities		(41,666,884)	(190,443,382)	(127,155,349)
Net Increase in Cash and Cash Equivalents		1,774,538,454	253,632,808	246,874,844
Cash and Cash Equivalents, Beginning		826,889,421	573,256,613	326,381,769
Cash and Cash Equivalents, End		P2,601,427,875	P 826,889,421	P 573,256,613

See Notes to Consolidated Financial Statements.

Supplemental Information on Non-Cash Operating and Financing Activities

The Group received its own shares amounting to P2.32 billion in exchange for its investment in 249,525,417 shares of Lafarge Republic, Inc., as disclosed in Note 8. This resulted in a gain on disposal of investment in an associate amounting to P1.48 million.



SOUTHEAST ASIA CEMENT HOLDINGS, INC. AND A SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2012 AND 2011 AND FOR EACH OF THE THREE YEARS IN
THE PERIOD ENDED DECEMBER 31, 2012

1. CORPORATE INFORMATION

Southeast Asia Cement Holdings, Inc. (the "Parent Company") is a corporation listed in the Philippine Stock Exchange (PSE). It was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 3, 1994. The principal activities of the Parent Company are to invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose real and personal property including shares of stock, and other securities or obligations of any corporation.

The Parent Company is 61.95% and 33.97% owned by Calumboyen Holdings, Inc. (CHI) and Lafarge Holdings (Philippines), Inc. (LHPI), respectively, as at December 31, 2012 and 53.01% and 29.07%, respectively, as at December 31, 2011.

Seacem Silos, Inc. (SSI) is a wholly-owned subsidiary of the Parent Company that was incorporated and registered with the SEC on February 12, 1997 with a primary purpose of buying, selling, distributing and marketing all kinds of goods, commodities, wares and merchandise related to construction and all kinds of cement related products.

As at December 31, 2012, SSI has not yet started its commercial operations. However, pre-operating financial requirements are being met through income derived from its secondary activities which includes, but is not limited to, investing in real and personal properties, such as shares of stock and other securities.

The financial position and results of operations of the Parent Company and its Subsidiary (the "Group") are consolidated in these financial statements.

The Parent Company's and SSI's principal place of business is located at the 25th Floor, The Salcedo Tower, 169 H.V. Dela Costa St., Salcedo Village, Makati City, Philippines.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and as adopted by the SEC.

Basis of Preparation and Presentation

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities that are carried at amortized cost.

Functional Currency and Presentation Currency

The consolidation financial statements are presented in Philippine Peso, the currency of the primary economic environment in which the Group operates. All amounts are recorded in the nearest peso, except when otherwise indicated.



3. BASIS OF CONSOLIDATION AND COMPOSITION OF THE GROUP

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Southeast Asia Cement Holdings, Inc. and the subsidiary that it controls. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date control exists and cease to be consolidated from the date the control is lost.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The consolidated financial statements were prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intragroup balances and transactions, including intragroup profits and unrealized profits and losses, are eliminated. When necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

The significant information on the financial statements of SSI follows:

	2012	2011	2010
	(In Thousand Pesos)		
Total current assets	P 41,579	P 5,975	P 7,681
Total assets	386,706	277,380	317,790
Total current liabilities	9,189	270	4,325
Total liabilities	9,189	270	4,416
Net assets	377,516	277,109	313,374
Operating profit	34,685	2,441	1,844
Operating and other expenses	8,332	324	334
Profit for the year	26,684	2,440	1,510
Total comprehensive income (loss)	100,407	(36,264)	108,409

4. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Adoption of New and Revised Accounting Standards Effective in 2012

The following new and revised accounting standards that have been published by the International Accounting Standards Board (IASB) and issued by the FRSC in the Philippines were adopted by the Group effective January 1, 2012.

Amendments to PFRS 7, *Financial Instruments: Disclosures*

The amendments permit users of financial statements to understand transactions involving the transfer of financial assets (for example, securitizations), including the possible effects of any risk that may remain with the entity that transfer the assets. These amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred.



Amendments to PAS 12, *Income Taxes*

The amendments respond to concerns that application of deferred taxes can be difficult or subjective particularly for an investment property measured at fair value. The amendment provides a practical solution to this concern by introducing a presumption that the carrying amount of an investment property will normally be recovered through sale. The amendments provided an exception to the principle when deferred tax assets or deferred tax liabilities arise from investment property measured using the fair value model in PAS 40, *Investment Property*, and for investment property acquired in a business combination if it is subsequently measured using the fair value model in PAS 40.

PIC Q&A 2011-02, PFRS 3.2, *Common Control Business Combinations*

The interpretation provides guidance on accounting for business combinations involving entities under common control that are excluded from the scope of PFRS 3, *Business Combinations*. It clarifies that common control business combinations are typically accounted for using the pooling of interests method. In some cases, the acquisition method under PFRS 3 can be used where common control business combinations have commercial substance. This interpretation also includes factors that may be considered when evaluating whether the business combinations have commercial substance or none.

PIC Q&A 2011-03, *Accounting for Intercompany Loans*

The interpretation provides guidance on the accounting treatment of an interest free or below market interest rate loan among companies in a group. It includes discussion on the treatment of the different types of intercompany loans in the books of the parent company and subsidiaries, impairment assessment, and disclosure requirements.

PIC Q&A 2011-04, PAS 32.37-38, *Costs of Public Offering of Shares*

The interpretation provides guidance on the accounting treatment of costs on public offering of shares that involves issuing new shares and a listing with the stock exchange. This interpretation clarifies that the costs of listing shares are not considered as costs of an equity transaction since no equity instrument has been issued and such costs are recognized as an expense in profit or loss when incurred. The interpretation discusses the nature of the costs of public offering of shares and certain examples of allocations when the joint transaction costs relate to more than one share issuance or listing transaction.

PIC Q&A 2011-05, PFRS 1.D1-D8, *Fair Value or Revaluation as Deemed Cost*

The interpretation provides guidance on the accounting treatment of revaluation increment of property, plant and equipment when revalued amounts are accounted for as "deemed cost" at the date of transition to PFRS. It requires that the revaluation increment be closed to opening retained earnings and not to other equity category. The interpretation also requires that the amount of revaluation surplus closed to retained earnings shall not form part of retained earnings available for dividend distribution. Furthermore, it discusses the disclosure requirements and criteria on when to include a third statement of financial position relating to revaluation increment of property, plant and equipment accounted for as "deemed cost".

PIC Q&A 2011-06, PFRS 3, *Business Combinations (2008)*, and PAS 40, *Investment Property – Acquisition of Investment Properties – Asset Acquisition or Business Combination*

The interpretation provides guidance and relevant factors that should be considered when an entity acquires directly an investment property or properties or another entity that holds one or more investment properties. This interpretation clarifies that these transactions shall be accounted for as either business combination or asset acquisition depending on the facts and circumstances of each transaction.



The adoption of these standards, amendments, improvements and interpretation did not result in any adjustment or additional disclosure in the Group's financial statements except for PIC Q&A 2011-05 which resulted in closing of revaluation surplus related to certain property and equipment asset of the Group's associate to retained earnings, as disclosed in Note 25.

New Accounting Standards Effective After the Reporting Period Ended December 31, 2012

The Group will adopt the following when these become effective:

Amendments to PAS 1, Presentation of Financial Statements

The amendments require companies preparing financial statements in accordance with PFRS to group items of other comprehensive income into items that may or may not be reclassified to profit or loss in subsequent periods. The amendments also reaffirm existing requirements that items in other comprehensive income and profit or loss should be presented as either a single statement or in two consecutive statements. The amendments are effective for annual periods beginning on or after July 1, 2012, with early application permitted.

Future adoption of these amendments will result in additional disclosure of items in other comprehensive income that may or may not be reclassified to profit or loss in the subsequent period. Share in cash flow hedge instruments and unrealized holding gain of an associate will be presented under comprehensive income as an item that is recycled to profit or loss. Share in actuarial loss on retirement benefits will be presented under items that will not be recycled to profit or loss.

Amendments to PAS 19, Employee Benefits

The amendments change the accounting for defined benefit plans and termination benefits. These amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets as it occur, thus, resulting to the elimination of the "corridor approach" as previously permitted under PAS 19. These also require acceleration in the recognition of past service costs and the immediate recognition of all actuarial gains and losses through other comprehensive income. In effect, the net pension asset or liability recognized in the statement of financial position shall be presented in its full value whether it is a plan deficit or surplus. The amendments are effective for annual periods beginning on or after January 1, 2013 with early application permitted.

The amendment will have no effect in the Group's consolidated financial statements.

PAS 27, Separate Financial Statements (as amended in 2011)

The standard outlines the accounting and disclosure requirements for separate financial statements, which are the financial statements prepared by a parent, or an investor in a joint venture or associate, where those investments are accounted for either at cost or in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*, or PFRS 9, *Financial Instruments*. The standard also outlines the accounting treatment and additional disclosure requirements for dividends. The amendments are effective for annual periods beginning on or after January 1, 2013 with early application permitted.

Management has determined that this standard will not have a material effect in the Group's consolidated financial statements.



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

The standard outlines the application, with certain limited exceptions, of the equity method to investments in associates and joint ventures. The standard also defines an associate by reference to the concept of "significant influence", which requires power to participate in financial and operating policy decisions of an investee (but not joint control or control of those policies). The amendments are effective for annual periods beginning on or after January 1, 2013 with early application permitted.

The amendment will not have a material effect in the Group's consolidated financial statements.

Amendments to PFRS 1, *First Time Adoption on Government Loans*

The amendments provide additional exception for retrospective application of PFRSs. First-time adopters are required to apply the requirements in PFRS 9, *Financial Instruments*, and PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, prospectively with respect to government loans existing at the date of transition of PFRSs. However, a first-time adopter may apply the requirements of PFRS 9 and PAS 20 to government loans retrospectively if it has obtained the necessary information to do so. The amendments are effective for annual periods beginning on or after January 1, 2013.

The amendment will not have an effect in the Group's consolidated financial statements.

Amendments to PFRS 7, *Financial Instruments: Disclosures on Asset and Liability Offsetting*

The amendments include new disclosure requirements that pertain to all recognized financial instruments that are set off in accordance with PAS 32, *Financial Instruments: Presentation*. The amendments are effective for annual periods beginning on or after January 1, 2013.

The amendment will not have a material effect in the Group's consolidated financial statements.

PFRS 10, *Consolidated Financial Statements*

The standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more entities. This standard also includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure or rights to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in this standard to deal with complex scenarios. The standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

The standard will not have a material effect in the Group's consolidated financial statements.

PFRS 11, *Joint Arrangements*

The standard deals on how a joint arrangement be classified when two or more parties have joint control. Under this standard, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In addition, investments in joint ventures under this standard are required to be accounted for using the equity method of accounting. The standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

The standard will not have an effect in the Group's consolidated financial statements.



PFRS 12, Disclosures of Interest in Other Entities

The standard requires companies to disclose information about its interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. The disclosure requirements in this standard are more extensive than those in the current standards. The standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

The standard will not have a material effect in the Group's consolidated financial statements.

Amendments to PFRS 10, PFRS 11 and PFRS 12, Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

The amendments clarify certain transitional guidance on the application of PFRS 10, PFRS 11 and PFRS 12 for the first time. The major clarifications are as follows:

- The amendments define the date of initial application of PFRS 10 as the beginning of the annual reporting period in which this standard is applied for the first time.
- The amendments clarify how a reporting entity should adjust comparative period(s) retrospectively if the consolidation conclusion reached at the date of initial application under PFRS 10 is different from that under PAS 27/ SIC 12.
- When the control over an investee was lost during the comparative period (e.g., as a result of a disposal), the amendments state that there is no need to adjust the comparative figures retrospectively even though a different consolidation conclusion might have been reached under PAS 27/SIC 12 and PFRS 10.
- When a reporting entity concludes, on the basis of the requirements of PFRS 10, that it should consolidate an investee that was not previously consolidated, the entity should apply acquisition accounting in accordance with PFRS 3, *Business Combinations*, to measure assets, liabilities and non-controlling interests of the investee at the date when the entity obtained control of the investee. The amendments clarify which version of PFRS 3 should be used in different scenarios.
- The amendments provide additional relief by limiting the requirement to present adjusted comparative information to the period immediately before the date of initial application. These amendments also eliminate the requirements to present comparative information for disclosures related to unconsolidated structured entities for any period before the first annual period in which PFRS 12 is applied.
- The effective date of the amendments is aligned with the effective dates of PFRS 10, PFRS 11 and PFRS 12.

Future adoption of these amendments will have no material effect on the Group's financial statements.

PFRS 13, Fair Value Measurement

The standard establishes a single source of guidance and disclosures for fair value measurements. The standard defines, establishes a framework, and requires disclosures about fair value measurements. The scope of PFRS 13 applies to both financial instrument and non-financial instrument items for which other PFRSs require or permit fair value measurements and disclosures, except in specified circumstances. The disclosure requirements in PFRS 13 are more extensive than those required in the current standards. The standard is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

The standard will not have a material effect in the Group's consolidated financial statements.



IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*

The interpretation sets the accounting for the benefits arising from stripping activity in the production phase of surface mining operations. The interpretation is effective for annual periods beginning on or after January 1, 2013, with early application permitted.

The standard is not relevant to the Group's consolidated financial statements.

Annual Improvements to PFRSs 2009-2011 Cycle

The annual improvements addresses the following issues:

Amendments to PFRS 1, First-Time Adoption of PFRS

The amendments provide a policy option for entities that stopped applying PFRSs and will resume reporting under PFRS after a certain period of time. These entities may either prepare financial statements in accordance with PFRS 1 or apply all applicable PFRS retrospectively in accordance with PAS 8, *Accounting Policies, Changes in Estimates and Errors*, as if the entity had never stopped applying PFRS. The amendments also clarify that upon adoption of PFRS, the entity who capitalized borrowing cost under previous GAAP, need not adjust the said borrowing cost in its opening statement of financial position at the date of transition. Furthermore, the amendments also require entities to account for borrowing cost incurred on qualifying assets already under construction in accordance with PAS 23 on or after the said date.

The amendment will have no effect in the Group's consolidated financial statements.

Amendment to PAS 1, Presentation of Financial Statements

The amendments clarify that

- the minimum required comparative period is the preceding period;
- when an entity prepares financial statements and voluntarily includes more than the minimum comparative information, it shall include comparative information in related notes; and
- when an entity is required to present a third statement of financial position, it shall not be required to include the comparative information in related notes.

The amendment will not have a material effect in the Group's consolidated financial statements.

Amendments to PAS 16, Property, Plant and Equipment

The amendments clarify that spare parts, stand-by or servicing equipment are required to be classified as property, plant and equipment when they meet the definition of property, plant and equipment, and shall only be classified as inventory when it does not meet the definition of property, plant and equipment.

The standard will have no effect in the Group's consolidated financial statements.

Amendments to PAS 32, Financial Instruments: Presentation

The amendments clarify that income tax relating to distributions to holders of an equity transactions are required to be accounted for in accordance with PAS 12, *Income Taxes*. This may result in items of income tax being recognized in equity or in profit or loss.

The amendment will not have a material effect in the Group's consolidated financial statements.



Amendments to PAS 34, Interim Financial Reporting

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

The amendment will not have a material effect in the Group's consolidated financial statements.

The above improvements are effective for annual periods beginning on or after January 1, 2013 and shall be applied retrospectively. Early application is permitted.

Amendments to PAS 32, Financial Instruments: Presentation

The amendments provide clarifications on the application of the offsetting rules of financial assets and financial liabilities. The amendment is effective for annual periods beginning on or after January 1, 2014.

The amendment will not have a material effect in the Group's consolidated financial statements.

PFRS 9, Financial Instruments

The standard requires all recognized financial assets that are within the scope of PAS 39, *Financial Instruments: Recognition and Measurement*, to be subsequently measured at amortized cost or at fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely for payments of principal and interest on the outstanding balance are generally measured at amortized cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods.

For financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or increase an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. The standard is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

Management has determined that the impact of the future adoption of this standard is not significant, as the Company's financial assets consist of loans and receivables which will continue to be measured at amortized cost.

5. SIGNIFICANT ACCOUNTING POLICIES

Business Combination

The Group applies the acquisition method to account for business combinations. Under this method, assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired, i.e. discount on acquisition, is credited to profit and loss in the period of acquisition. The interest of non-controlling shareholders is stated at the non-controlling proportion of the fair values of the assets and liabilities recognized.



At the acquisition date, the Company measures the components of non-controlling interests in the subsidiary that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either at fair value; or at the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition date fair values, unless another measurement basis is required by PFRS.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Non-current Assets Held-for-sale

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of where the Group will retain a non-controlling interest in its former subsidiary after the sale.

Immediately before classification as held-for-sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.



If the non-current asset or disposal group no longer meet the criteria to be classified as held for sale, the Group shall cease to classify the non-current asset or disposal group as held for sale. The Group shall measure a non-current asset that ceases to be classified as held for sale at the lower of:

- its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset (or disposal group) not been classified as held for sale, and;
- its recoverable amount at the date of the subsequent decision not to sell.

Financial Assets

Initial recognition of financial assets

Financial assets are recognized in the Group's consolidated financial statements when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of the Group's financial assets, except for any financial instruments classified at fair value through profit or loss.

Classification of financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Group's financial asset consists of loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment and are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The Group's loans and receivables pertain only to cash and cash equivalents and interest receivable included under prepayments and other current assets.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period.

Income is recognized on effective interest basis for debt instruments other than those assets classified as at fair value through profit or loss.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.



Objective evidence of impairment

For all financial assets carried at amortized cost, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counter party; or,
- breach of contract, such as default or delinquency in interest or principal payments; or,
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or,
- the disappearance of an active market for that financial asset because of financial difficulties; or,
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; or,
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate, i.e., the effective interest rate computed at initial recognition.

The carrying amount of financial assets carried at amortized cost is reduced directly by the impairment loss with the exception of receivables, wherein the carrying amount is reduced through the use of an allowance account. When receivables are considered uncollectible, these are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.



Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or when the Group transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the carrying amount of the financial asset derecognized and the consideration received or receivable is recognized in profit or loss.

If the Group neither transfers nor retains substantially all the risks and rewards of the ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risk and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Prepayments

Prepayments represent expenses not yet incurred but already paid. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statements of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year or the Group's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Investment in an Associate

An associate is an entity over which the Parent Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee and not control nor joint control over those policies.

The results of operations and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held-for-sale. Under the equity method, investments in associates are carried in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Parent Company's share of the profit or loss and other comprehensive income of the associate. When the Parent Company's share of losses of an associate exceeds the Parent Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Parent Company's net investment in the associate), the Parent Company's discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Parent Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Parent Company's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investments and is assessed for impairment as part of that investment. Any deficiency of the cost of acquisition below the Parent Company's share of the fair values of the identifiable net assets of the associate at the date of acquisition; i.e. discount on acquisition is immediately recognized in profit or loss in the period of acquisition.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.



The Group's accounting policy for impairment of financial assets are applied to determine whether it is necessary to recognize any impairment loss with respect to its investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the Group's accounting policy on impairment of tangible and intangible assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group's losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with PAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group's accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company's reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

Investment Property

Investment properties are properties that are held to earn rentals or for capital appreciation or both but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated impairment loss.

Transfers to, or from, investment property shall be made only when there is a change in use.

Derecognition of investment property

Investment property is derecognized by the Group upon its disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Impairment of Tangible Assets

At the end of each reporting period, the Group assesses whether there is any indication that any of its tangible may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. A reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Impairment losses recognized in respect of cash-generating units' are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.



Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

Financial liabilities

Financial liabilities are recognized in the Group's consolidated financial statements when any member of the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of the Group's financial liabilities, except for any debt instruments classified at fair value through profit or loss.

Since the Group does not have financial liabilities classified at fair value through profit or loss, all financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount on the initial recognition.

Financial liabilities are derecognized by the Group when the obligation under the liability is discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Common stocks are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

When capital stock recognized as equity is repurchased, the amount of the consideration paid, which include directly attributable cost, net of any tax effects, is recognized as a reduction from equity. Repurchased shares are classified as treasury stocks. When treasury stocks are sold or reissued subsequently, the amount received is recognized as increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.



Provisions and Contingent Liabilities

Provisions

Provisions are recognized when the Group has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Group will be required to settle the obligation through an outflow of resources embodying economic benefits, and the amount of the obligation can be estimated reliably.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

Contingent liabilities

Contingent liabilities are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Gains arising from the disposal of the Company's investment in an associate is determined as the difference between the sales proceeds and the carrying amount of the investment.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

Expense Recognition

Expenses are recognized in consolidated profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Expenses are recognized in consolidated profit or loss on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statements of financial position as an asset.



Expenses in the consolidated statements of comprehensive income are presented using the function of expense method. Operating expenses are costs attributable to administrative and other business activities of the Group.

Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

A person or a close member of that person's family is related to the Group if that person:

- has control or joint control over the Group;
- has significant influence over the Group;
- is a member of the key management personnel of the Group or of a parent of the Group.

An entity is related to the Group if any of the following conditions apply:

- the entity and the Group are members of the same group which means that each parent, subsidiary, and fellow subsidiary is related to the others;
- one entity is an associate or joint venture of the other entity or an associate or joint venture of a member of a group of which the other entity is a member;
- both entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- the entity controlled or jointly controlled by a person who is a related party as identified above; and,
- a person that has control or joint control over the Group has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity.

Taxation

Income tax expense represents the sum of the current tax expense and deferred tax..

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable nor deductible in other years and it further excludes items that are never taxable nor deductible. The Group's liability for current tax is calculated using the higher between the regular corporate income tax (RCIT) at a rate of 30% of taxable income and the minimum corporate income tax (MCIT) at a rate of 2% of gross income.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.



Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside of profit or loss (whether in other comprehensive income or directly in equity), in which case the taxes are also recognized outside profit or loss.

Earnings Per Share

The Group computes its basic earnings per share by dividing profit or loss for the year attributable to common equity holders of the Parent Company by the weighted average number of shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the consolidated profit or loss for the year attributable to common equity holders of the Parent Company and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

Events After the Reporting Period

The Group identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the consolidated financial statements are authorized for issue. The consolidated financial statements of the Group are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the consolidated notes to the financial statements when material.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group reports separately, information about an operating segment that meets any of the following quantitative thresholds:

- its reported revenue, including both sales to external customers and inter-segment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments, provided that;
- the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of the combined reported profit of all operating segments that did not report a loss and the combined reported loss of all operating segments that reported a loss; and
- its assets are 10% or more of the combined assets of all operating segments.



Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if management believes that information about the segment would be useful to users of the financial statements.

For management purposes, the Group is organized into activities based on its major activity, and considers the whole group as one segment. The core activity is investing in real and personal properties, such as shares of stock and other securities, which account for 100% of consolidated profit for the year, of the consolidated assets, and of consolidated liabilities.

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

Below is the critical judgment, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that has the most significant effect on the amounts recognized in consolidated financial statements.

Investment in an associate

Management exercises its judgment in determining whether the Company has control over another entity by evaluating the substance of relationship that indicates the significant influence of the Company over its associate. The recognition and measurement of the Company's investment over this entity will depend on the result of the judgment made.

Based on the assessment made by Management, the Company has significant influence over its associate as manifested by the Company's continuing involvement in the management.

Key Sources of Estimation Uncertainty

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

Asset impairment

The Group performs an impairment review when certain impairment indicators are present.

Determining the recoverable amount of its investment in associate, using as basis future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that investments in these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Group's financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges.



The Group has adopted the fair value approach in determining the carrying value of its investment property. While the Group has opted to rely on independent appraisers to determine the fair value of its investment property, such fair value was determined based on recent prices of similar property, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices. The amounts and timing of recorded changes in fair value for any period would differ if the Company made different judgments and estimates or utilized different basis for determining fair value.

As at December 31, 2012 and 2011, Management believes that the recoverable amounts of the Group's investment in an associate and investment property exceed their carrying amounts, accordingly, no impairment loss was recognized in both years.

Deferred tax assets

The Group reviews the carrying amounts at the end of each reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient future taxable profit to allow all or part of its deferred tax assets to be utilized.

Except for the deferred tax asset for MCIT, the Group did not recognize deferred tax assets amounting to P32.79 million and P14.02 million in 2012 and 2011, respectively, as Management believes that it is uncertain that the Group will have sufficient taxable profits against which deferred income tax can be utilized, as shown in Note 21.

Provisions and contingencies

If there are certain claims filed by certain parties against the Group which are under investigation or pending decision by the proper judicial or regulatory bodies or under negotiation, estimates of probable costs for the resolution of these claims were developed in consultation with counsel handling these matters and are based upon an analysis of potential results.

The amount of provision reversed in 2011 amounted to P1 million, as disclosed in Note 12.

7. CASH AND CASH EQUIVALENTS

	2012	2011
Cash in banks	P 21,427,875	P 12,889,421
Cash equivalents	2,580,000,000	814,000,000
	P2,601,427,875	P826,889,421

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Group classifies an investment as cash equivalent if that investment has a maturity of three months or less from the date of acquisition.

Cash in banks earned interest at average annual interest rate of 0.82% and 1.74% in 2012 and 2011, respectively. Cash equivalents represent money market placements with annual interest at rates ranging from 3.65% to 4.69% in 2012 and 4.00% to 4.69% in 2011. Interest income recognized by the Group in 2012, 2011 and 2010 amounted to P50.97 million, P22.77 million and P10.84 million, respectively, as disclosed in Note 17.

Due to the short-term maturity of the Group's cash and cash equivalents, Management believes that their carrying amounts approximate fair value as at December 31, 2012 and 2011.



8. PREPAYMENTS AND OTHER CURRENT ASSETS - net

	2012	2011
Input value-added tax (VAT)	P21,018,882	P17,972,095
Interest receivable	6,084,736	2,393,386
	27,103,618	20,365,481
Less: Allowance for input VAT	19,480,936	10,075,958
	P 7,622,682	P10,289,523

In 2012, additional allowance for non-recoverable input VAT was recognized amounting to P9.40 million as disclosed in Note 19. The carrying amount of the Group's input VAT is P1,537,946 and P7,896,137 in 2012 and 2011, respectively. The details of the movement in allowance for input VAT is as follows:

	Note	2012	2011
Balance as of January 31, 2012		P10,075,958	P10,075,958
Provision for input VAT	19	9,404,978	-
Balance as of December 31, 2012		P19,480,936	P10,075,958

Due to the short-term maturity of the Group's interest receivable, Management believes that its carrying amount approximates fair value as at December 31, 2012 and 2011.

9. INVESTMENT IN AN ASSOCIATE

As at December 31, 2012 and 2011, the Parent Company owns 1,163,089,336 shares and 1,548,614,753 shares in Lafarge Republic, Inc. (LRI, formerly Republic Cement Corporation) representing 19.97% and 26.95%, respectively. As at December 31, 2012, the Parent Company has significant influence over LRI and still considers it as an associate. LRI is a public corporation organized under the laws of the Philippines and listed in the PSE. LRI is engaged in the business of manufacturing and distribution of cement products.



The carrying amount of investment in an associate is as follows:

	Note	2012	2011
Acquisition cost:			
Balance, beginning		P1,548,614,750	P1,548,614,750
Sale of shares of stock		(136,000,000)	-
Tender offer to buy back shares of stock		(249,525,417)	-
Balance, end		1,163,089,333	1,548,614,750
Accumulated equity in net profit:			
Balance, beginning		3,798,097,127	3,555,547,893
Effect of adoption of PIC Q&A 2011-05	25	138,839,951	161,960,754
Balance, beginning – as restated		3,936,937,078	3,717,508,647
Reduction as a result of disposal of investment		(948,568,005)	-
Dividend received		(650,418,196)	(433,612,131)
Equity in net profit for the year		696,492,249	653,040,562
Balance, end		3,034,443,126	3,936,937,078
Accumulated equity in unrealized holding gain			
Balance, beginning		334,236	250,212
Reduction as a result of disposal of investment		(166,419)	-
Share in unrealized holding gain for the year		291,123	84,024
Balance, end		458,940	334,236
Share in the revaluation surplus on property, plant and equipment			
Balance, beginning		138,839,951	161,960,754
Effect of adoption of PIC Q&A 2011-05	25	(138,839,951)	(161,960,754)
Balance, beginning and end, as restated		-	-
Cash flow hedge instruments			
Balance, beginning		-	(21,804)
Share in cash flow hedge instruments for the year		-	21,804
Balance, end		-	-
Share in revaluation surplus on mineral reserves			
Balance, beginning		-	31,908,000
Adjustment in revaluation on mineral reserves		-	(31,908,000)
Balance, end		-	-
Accumulated equity in actuarial loss			
Balance, beginning		(50,104,335)	(21,434,731)
Reduction as a result of disposal of investment		24,947,335	-
Share in actuarial loss for the year		(24,385,424)	(28,669,604)
Balance, end		(49,542,424)	(50,104,335)
		P4,148,448,975	P5,435,781,729

In accordance with the general requirements under PFRS 1, and as required by PIC Q&A 2011-05, the Group closed its share in revaluation surplus of its associate, as discussed in Note 25.

On August 30, 2012, the Parent Company's Board of Directors approved the sale of the Parent Company's 136,000,000 shares in LRI. The sale of these shares through the PSE at its fair value of P8.40 per share resulted in a gain recognized by the Group of P0.67 billion.

The Parent Company also conducted a Voluntary Tender Offer, which ran from October 12 to November 14, 2012, to buy back up to 989,338,284 shares held by its public shareholders in exchange for its share of stocks in LRI at a ratio of 3.73 of the Parent Company's public shares for every one LRI share and an additional cash amount of P0.0277 per share of the Parent Company, to cover customary charges of P41.65 million, under the terms of the Tender Offer. The Tender Offer to buy back the Parent Company's shares resulted in 930,730,108 treasury shares at fair value of P2.496 per share, in exchange for which the Parent Company sold 249,525,417 of its LRI shares to the tendering shareholders, resulting in a gain of P1.48 billion. These treasury stocks were later declared as property dividends, as disclosed in Note 16.



The Parent Company received dividends from its common shares of stock in LRI after LRI's Board of Directors declared cash dividends of P0.42, P0.28 and P0.24 per outstanding common share to stockholders of record as of May 29, 2012, June 24, 2011, and June 10, 2010, amounting to P650.42 million, P433.61 million and P371.67 million in 2012, 2011 and 2010, respectively.

The fair value of the investment as determined based on the closing quoted price in the PSE amounted to P13.6 billion and P8.36 billion as at December 31, 2012 and 2011, respectively.

In 2011, revaluation surplus on mineral reserves of LRI recognized in 2008 and related amortization were reversed in compliance with PAS 38, *Intangible Assets*. The Group's Management believes that such restatement did not have a material impact on the prior year's statement of financial position, profit or loss and retained earnings; accordingly, adjustment is applied prospectively.

The significant consolidated financial statements of LRI are as follows:

	2012	2011	2010
	(In Thousand Pesos)		
Total current assets	P 9,954,293	P 8,700,795	P 6,972,308
Total assets	28,805,017	27,412,933	25,998,063
Total current liabilities	5,934,030	5,044,607	4,382,088
Total liabilities	8,231,084	7,201,044	6,328,835
Net sales	19,935,480	17,278,612	19,171,236
Cost of sales	13,584,557	12,255,136	11,450,489
Other income	254,719	267,516	224,114
Operating expenses	2,367,489	1,791,300	1,600,103
Other expenses	(272,290)	(154,470)	(356,131)
Profit for the year	2,834,514	2,481,440	4,190,729
Net profit attributable to parent equity holders of LRI	2,804,772	2,455,963	4,171,784
Other comprehensive income (loss) - net of tax	(30,755)	(108,336)	37,390
Total comprehensive income	2,803,759	2,373,104	4,228,119

The Board of Directors and shareholders approved the disposal of the remaining LRI shares on March 27, 2013 as discussed in Note 27.

10. INVESTMENT PROPERTY - net

Investment property as at December 31, 2012 and 2011 are as follows:

Cost	P150,968,145
Less: Accumulated impairment loss	27,010,103
	P123,958,042

Investment property consists of several parcels of land in Tabangao, Aplaya, Batangas which were acquired and held for capital appreciation by the Group. The Group applies the cost model in accounting for this asset. The Group incurred direct operating expenses amounting to P1,003 in 2012 and P2,076 in both 2011 and 2010.

The Group recognized impairment loss amounting to P27.01 million in 2006. Based on an independent appraiser's report dated August 28, 2009, the market value of the investment property amounted to P127.44 million.

Management believes that there was no significant change in fair value since August 2009.



In 2012, the Group's investment property through its investment in subsidiary was classified as non-current asset held-for-sale, as disclosed in Note 26.

11. **TRADE AND OTHER PAYABLES**

	Note	2012	2011
Accrued professional fees		P6,090,200	P1,871,916
Payable to related parties	13	1,151,981	793,127
Trade		409,443	16,320
Withholding tax payable		33,581	18,523
Others		-	8,504
		P7,685,205	2,708,390

Due to the short-term maturities of the Group's trade and other payables, Management believes that their carrying amounts approximate fair values as at December 31, 2012 and 2011.

In 2012, trade and other payables amounting to P90,777 related to its investment in subsidiary was classified as liabilities of the disposal group classified as held-for-sale, as disclosed in Note 26.

12. **PROVISIONS**

Prior to 2011, the Company had provisions of P1 million recognized to settle certain claims for collection filed by certain parties against the Company, which are under investigation or litigation and pending before a judicial or regulatory body. Based on Management's review of the best estimate of the required provision, Management believes that an outflow of resources amounting to P1 million was no longer required and accordingly, such amount was reversed in 2011.

	Note	2012	2011
Balance as of January 31, 2012		P -	P1,000,000
Reversal of provision for claims	19	-	(1,000,000)
Balance as of December 31, 2012		P -	P -

13. **RELATED PARTY TRANSACTIONS**

Transactions are consummated at terms comparable to those charged by or billed to third party suppliers or customers.

The composition of the Group's related party categories as at December 31, 2012 and 2011 are as follows:

	Relationship
LRI	Associate
LHPI	Stockholder having significant influence over the Parent Company
Lafarge Cement Services Philippines, Inc. (LCSPI)	Parent Company's associate

The Group has the following transactions and outstanding balances with related parties as at and for the year ended December 31, 2012:

Relationship	Transactions	Note	Amount of Transaction	Outstanding Payable	Terms	Conditions
Parent Company's associate	Service agreement	18	P1,603,003	P1,139,961	30-60 day; non-interest bearing	Unsecured, no guarantee given
Stockholder having a significant influence over the Parent Company	Reimbursement of expenses		-	12,020	30-60 day; non-interest bearing	Unsecured, no guarantee given
Total				P1,151,981		

The Group has the following transactions and outstanding balances with related parties as at and for the year ended December 31, 2011:

Relationship	Transactions	Note	Amount of Transaction	Outstanding Payable	Terms	Conditions
Parent Company's associate	Service agreement	18	P1,602,000	P730,699	30-60 day; non-interest bearing	Unsecured, no guarantee given
Stockholder having a significant influence over the Parent Company	Reimbursement of expenses		-	39,133	30-60 day; non-interest bearing	Unsecured, no guarantee given
Associate	Reimbursement of expenses		-	23,295	30-60 day; non-interest bearing	Unsecured, no guarantee given
Total				P793,127		

The Group has the following transactions and outstanding balances with related parties as at and for the year ended December 31, 2010:

Relationship	Transactions	Note	Amount of Transaction	Outstanding Payable	Terms	Conditions
Parent Company's associate	Service agreement	18	P1,602,000	P4,535,199	30-60 day; non-interest bearing	Unsecured, no guarantee given
Stockholder having a significant influence over the Parent Company	Reimbursement of expenses		-	39,133	30-60 day; non-interest bearing	Unsecured, no guarantee given
Associate	Reimbursement of expenses		-	23,295	30-60 day; non-interest bearing	Unsecured, no guarantee given
Total				P4,597,627		

Due to the short-term maturities of the Group's payable to related parties, Management believes that their carrying amounts approximate fair values as at December 31, 2012 and 2011.

Significant balances eliminated upon consolidation are as follows:

	2012	2011
Seacem Silos, Inc.		
Investments in subsidiary	P818,769,854	P818,769,854
Dividends	35,018,330	2,764,605
Due from related parties	8,960,000	662,241
	P862,748,184	P822,196,700



Remuneration of Key Management Personnel

The Group has no employee but pays its Board of Directors per diem for attendance at board or board committee meetings. Directors' fees paid in 2012, 2011 and 2010 amounted to P0.70 million, P0.51 million and P0.43 million, respectively, and is included under professional fees in Note 18.

14. CAPITAL STOCK

Details of the Parent Company's capital stock are as follows:

Authorized	
7,300,000,000 common shares at P0.35 par value per share	P2,555,000,000
Issued and fully paid	
6,449,920,939 common shares at P0.35 par value per share	P2,257,472,329
Treasury stock	
930,730,108 at P2.54 per share	P2,364,729,752

The Parent Company has one class of common shares which does not carry any right to a fixed income.

All the issued shares of the Parent Company consisting of 6,449,920,939 shares are registered securities. As at December 31, 2012, the Parent Company has 1,735 shareholders. The following table summarizes the track record of registration of securities under the Securities Regulation Code.

Transaction	Subscriber	Registration Date	Issue/ Offer Price	Number of Shares
Initial registration	Various	October 1994	P1.50	5,000,000,000
Additional registration	Various	September 1996	-	1,150,000,000
Exempt from registration	Various	December 1998	-	305,810,000
Total				6,455,810,000

15. TREASURY STOCK

As disclosed in Note 9, the Parent Company acquired 930,730,108 of its own shares, through a Voluntary Tender Offer, at its fair value plus customary charges and other incidental costs. The treasury stock consisting of P930,730,108 shares were declared as dividends on December 20, 2012, as disclosed on Note 16.

16. DIVIDENDS DECLARED

Outstanding cash dividends payable and treasury shares distributable as dividends as at December 31, 2012 and 2011 are as follows:

	Note	2012	2011
Cash Dividends Payable			
CHI		P1,299,300,540	P -
LHPI		712,396,528	-
Third party investors		51,230,787	289,637
		P2,062,927,855	P289,637
Treasury Stock Distributable as Dividends	15	P1,396,095,162	P -



On December 20, 2012, the Board of Directors of the Parent Company approved the declaration of cash dividends in the amount of P0.38 per outstanding common stock or P2.09 billion, and property dividends consisting of treasury shares in the amount of one treasury stock at its fair value of P1.50 per share, per 5.93 outstanding common shares, to stockholders of record as at January 9, 2013 amounting to P1.4 billion, payable on January 23, 2013 or five days after SEC approval and any required Bureau of Internal Revenue (BIR) clearance, whichever is later. On March 15, 2013, the Parent Company obtained the approval from the SEC but is still awaiting BIR clearance.

On June 29, 2011, the Board of Directors of the Parent Company approved the declaration and payment of cash dividends in the amount of P0.03 per outstanding common share or P193,497,624, to stockholders of record as at July 19, 2011.

17. OTHER INCOME

The details of the Group's other income is as follows:

	Note	2012	2011	2010
Interest income	7	P50,971,258	P22,769,739	P10,840,466
Reversal of excess accrual from prior year		968,716	-	-
Reversal of provision		-	1,000,000	1,210
Others		-	-	7,775
		P51,939,974	P23,769,739	P10,849,451

18. OPERATING EXPENSES

The details of the Group's operating expenses is as follows:

	Note	2012	2011	2010
Professional fees		P 6,515,892	P1,294,000	P1,099,732
Taxes and licenses		5,701,685	4,226,767	3,374,086
Service fees	13	1,603,003	1,602,000	1,602,000
Miscellaneous		486,332	318,357	362,720
		P14,306,912	P7,441,124	P6,438,538

19. OTHER EXPENSES

The details of the Group's other expenses is as follows:

	Note	2012	2011	2010
Stock brokerage fee		P5,826,240	P -	P -
Provision for input VAT	8	9,404,978	-	-
Bank charges and trust fees		1,419,932	349,672	1,390
Provision for third party claims		-	-	3,089
		P16,651,150	P349,672	P4,479



20.

INCOME TAXES

Components of income tax expense charged to profit or loss are as follows:

	2012	2011	2010
Current tax expense	P179,374	P -	P156
Deferred tax expense (benefit)	(174,001)	18,415	(156)
	P 5,373	P18,415	P -

A numerical reconciliation of income tax expense computed at the statutory income tax rate to income tax expense shown in the consolidated statements of comprehensive income follows:

	2012	2011	2010
Accounting profit	P2,867,931,287	P669,019,505	P1,113,683,800
Tax expense at 30%	P 860,379,386	P200,705,852	P 334,105,140
Tax effects of:			
Disposal of investment subject to final tax	(645,137,138)	-	-
Equity in net income of an associate	(208,947,674)	(195,912,169)	(332,783,210)
Interest income subject to final tax	(15,291,377)	(6,830,922)	(3,252,140)
Deductible capitalized transaction cost	(14,208,036)	-	-
Unrecognized deferred tax assets	20,383,166	2,036,348	1,963,780
Provision for input VAT	2,821,493	-	-
Expired MCIT	5,373	18,415	-
Penalties and fines	180	891	48,269
Interest expense	-	-	(81,839)
	P 5,373	P 18,415	P -

Details of unrecognized NOLCO are as follows:

Year of Incurrence	Year of Expiry	2011 Balance	Addition	Expired	2012 Balance
2009	2012	P 5,395,104	P -	(P5,395,104)	P -
2010	2013	6,542,845	-	-	6,542,845
2011	2015	7,787,827	-	-	7,787,827
2012	2014	-	67,943,888	-	67,943,888
		P19,725,776	P67,942,885	(P5,395,104)	P82,274,560

The excess of MCIT over RCIT as computed can be carried forward and credited against the normal income tax due for three immediately succeeding taxable years. There were neither RCIT nor MCIT in 2011; MCIT for 2012 and 2010 amounted to P179,374 and P180, respectively.

Details of MCIT are as follows:

Year of Incurrence	Year of Expiry	Beginning Balance	Addition	Expired	Ending Balance
2009	2012	P5,373	P -	(P5,373)	P -
2010	2013	180	-	-	180
2012	2015	-	179,374	-	179,374
		P5,553	P179,374	(P5,373)	P179,554



In 2012, recognized deferred tax asset amounting to related to its investment in subsidiary amounting to P24 was classified as non-current assets classified as held-for sale, as disclosed in Note 26.

21. DEFERRED TAX ASSETS

The ending balance of deferred tax asset for MCIT amounted to P179,530 and P5,553 in 2012 and 2011, respectively. The Group recognized deferred tax asset for MCIT since the Management believes that the Group will recover the deferred tax asset up to this extent. Recognized deferred tax asset related to its investment in a subsidiary amounting to P24 was reclassified to non-current assets classified as held-for-sale, as disclosed in Note 26.

The following deferred tax assets were not recognized in the consolidated financial statements as Management believes that it is not probable that the Group will have sufficient taxable profit against which these deferred tax assets can be utilized:

	2012	2011
NOLCO	P24,682,368	P 5,917,733
Accumulated impairment losses	8,103,031	8,103,031
	P32,785,399	P14,020,764

22. FINANCIAL AND OPERATIONAL RISK MANAGEMENT

Financial Risk Management Objectives and Policies

The Group's activities expose it to a variety of financial risks: credit risk, interest rate risk and liquidity risk. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group. The policies for managing specific risks are summarized below.

Credit risk

Credit risk refers to the possibility that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group manages credit risk by limiting its exposure to cash and cash equivalents where the credit quality is determined to be high grade. High grade applies to highly rated financial obligors, strong corporate counterparties and personal borrowers with whom the Group has excellent repayment experience.

The Group's maximum exposure to credit risk is limited to the carrying amounts of cash and cash equivalents and interest receivable as recognized in the consolidated statement of financial position.

Management assess the credit quality of the Group's financial assets as high grade.

Interest rate risk

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest. The Group has no significant exposure to interest rate risk. The primary source of the Group's interest rate risk relates to cash and cash equivalents. The related interest rates are disclosed in Notes 7.

The Group has no bank loans and other borrowings.

Management believes that fluctuations on the interest rates will not have significant effect on the Group's financial performance.



Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group maintains adequate highly liquid assets in the form of cash and cash equivalents and has sufficient credit facilities with banks to assure necessary liquidity.

The table details the remaining contractual maturity of the Group's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Less than Six Months
2012	
Trade and other payables	P7,739,626
2011	
Trade and other payables	P2,689,867

The difference between the carrying amount of trade and other payables disclosed in the consolidated statements of financial position and the amount disclosed in this note pertains to government payables that are not considered financial liabilities.

The Group has not drawn from any of its credit facilities with banks as at December 31, 2012.

The operating cash flows are expected to allow the Group to meet future payment requirements.

Operational Risk Management

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group aims to manage operational risk by seeking the avoidance of financial losses and damage to the Group's reputation while considering overall cost effectiveness and the appropriate control procedures which do not unduly restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to Management. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;

- development of contingency plans;
- ethical and business standards; and,
- risk mitigation, including insurance when this is effective.

The compliance with Group standards is supported by a program of periodic reviews undertaken by Internal Audit.

23. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to stockholders through the optimization of the debt and equity balance.

The capital structure of the Group is composed of debt, which comprises trade and other payables and cash dividends payables, and equity, comprising of issued capital, reserves and retained earnings.

Management reviews the capital structure on a quarterly basis. As part of this review, Management considers the cost of capital and the risks associated with it. The Group's debt-to-equity ratios are within the Group's acceptable range and are computed as follows:

	2012	2011
Total liabilities	P2,070,667,481	P 2,979,504
Total equity	4,810,753,917	6,393,926,241
	0.430 : 1	0.001 : 1

The Group's overall strategy remains unchanged from 2011.

Pursuant to the PSE's new rules on minimum public ownership (MPO), at least 10% of the issued and outstanding shares of a listed company such as the Parent Company must be owned and held by the public. As at December 31, 2011, the public ownership in the Parent Company is at 16.49%.

As at December 31, 2012, the Parent Company's public ownership was reduced to 2.41%. Accordingly, the PSE suspended trading of the Company's shares on the Exchange effective January 1, 2013. Under PSE's rules, if the Parent Company remains non-compliant with the MPO requirement as at June 30, 2013, it shall be delisted effective July 1, 2013.

As disclosed to the SEC and PSE, Management is working on its options in the context of, among others, possibilities for consolidating assets and investments and opportunities for entering into transactions with third parties.

24. BASIC AND DILUTED EARNINGS PER SHARE

The computation of basic and diluted earnings per share is as follows:

	2012	2011	2010
Profit for the year	P2,867,925,914	P 669,001,090	P1,113,683,800
Weighted average number of common shares outstanding	6,333,579,676	6,357,767,439	6,357,767,439
Basic and diluted earnings per share	P 0.453	P 0.105	P 0.175

As at December 31, 2012, 2011 and 2010, there are no potentially dilutive common shares.



25.

ADOPTION OF NEW INTERPRETATION

Prior to 2011, certain property, plant and equipment of an associate were disclosed to have been carried at revalued amounts with the corresponding revaluation surplus recognized in equity. From the date of initial recognition until January 1, 2004, the date of transition to PFRS, no additional revaluation was recognized. In 2011, the Company revised its PFRS transition and elected to apply the optional exemption to use the previous GAAP revaluation as deemed cost. Management believes that such application resulted in better presentation and reflected the Company's actual policy on property, plant and equipment. Subsequently, in 2012, the Group's associate restated its financial statements to close the revaluation surplus to retained earnings as a result of adoption of PIC Q&A 2011-05, PFRS 1.D1-D8, *Fair Value or Revaluation as Deemed Cost*.

Consequently, as disclosed in Note 3, the Group closed its share in its associate's revaluation surplus with a balance of P138.84 million, P161.96 million and P178.25 million as of January 1, 2012, 2011, and 2010, respectively, to retained earnings. This did not result in any adjustment to profit or loss and earnings per share for the years ended December 31, 2011 and 2010.

The effect of the adjustment is presented below.

	2012	2011	2010
Share in Revaluation Surplus			
Balance, beginning, as previously stated	P 138,839,951	P 161,960,754	P 178,252,979
Effect of adoption of PIC Q&A 2011-05:			
Property, plant and equipment of an associate	(138,839,951)	(161,960,754)	(178,252,979)
	(138,839,951)	(161,960,754)	(178,252,979)
Balance, beginning and end, as restated	P -	P -	P -
Retained Earnings			
Balance, beginning, as previously stated	P4,142,487,956	P3,641,099,082	P2,638,278,406
Effect of adoption of PIC Q&A 2011-05	138,839,951	161,960,754	178,252,979
Balance, beginning, as restated	P4,281,327,907	P3,803,059,836	P2,816,531,385

26.

ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

The following are the assets and liabilities of the Group through its investment in a subsidiary which are now classified as non-current assets held-for-sale.

Assets of the Disposal Group Classified as Held-for-sale		Notes
Investment property - net		10 P123,958,042
Deferred tax asset		20 24
Total		P123,958,066
Liabilities of the Disposal Group Classified as Held-for-sale		
Trade and other payables		11 P90,777

The sale of the investment in a subsidiary was approved by the Board of Directors and shareholders on March 27, 2013, as disclosed on Note 27.



27. **EVENTS AFTER THE REPORTING PERIOD**

The Parent Company sold 50 million shares of its LRI shares of stocks to the public in several tranches of varying volumes during the period between February and March 2013.

On March 27, 2013, the Board of Directors and shareholders have authorized the sale of the Parent Company's remaining LRI shares to CHI and South Western Cement Ventures, Inc. and the sale of its investment in SSI to its shareholders, CHI and LHPI. On April 1, 2013, the Parent Company sold its remaining LRI shares of stock to its Parent, CHI and to SWCVI.

28. **APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements of the Group have been approved and authorized for issue by the Board of Directors on April 2, 2013.

* * *



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BOA/PRC Reg. No. 0004
SEC Accreditation No. 0001-FR-3

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES


The Board of Directors and Stockholders
SOUTHEAST ASIA CEMENT HOLDINGS, INC. AND A SUBSIDIARY
25th Floor, The Salcedo Tower
169 H.V. Dela Costa St.
Salcedo Village, Makati City

We have audited the consolidated financial statements of Southeast Asia Cement Holdings, Inc. and a Subsidiary as at December 31, 2012 and 2011 and for each of the three years in the period ended December 31, 2012 in accordance with Philippine Standards on Auditing, on which we have rendered an unqualified dated April 2, 2013.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information on the attached schedules showing the reconciliation of the retained earnings available for dividend declaration, the list of all effective accounting standards and interpretations, the map showing the relationships between and among the Company and its related parties, and the other supplementary information shown in Schedules A to H as at December 31, 2012, as required by the Securities and Exchange Commission under SRC Rule 68, as amended, are presented for purposes of additional analysis and are not required part of the basic consolidated financial statements. These information are the responsibility of management and have been subjected to the auditing procedures applied in our audit, except for the map which we have audited only to the extent disclosed in the consolidated financial statements, and, in our opinion, are fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Navarro Amper & Co.
BOA Registration No. 0004, valid from October 22, 2012 to December 31, 2015
SEC Accreditation No. 0001-FR-3, issued on January 4, 2013; effective until January 3, 2016, Group A
TIN 005299331

By:


Francis B. Albalade
Partner

CPA License No. 0088499
SEC A.N. 0104-AR-3, issued on June 28, 2012; effective until June 27, 2015, Group A TIN 120319015
BIR A.N. 08-002552-32-2011, issued on November 11, 2011; effective until November 10, 2014
PTR No. A-1724350, issued on January 7, 2013, Taguig City

Taguig City, Philippines
April 2, 2013

Deloitte



Member of Deloitte Touche Tohmatsu Limited

Southeast Asia Cement Holdings, Inc. and a Subsidiary
List of Effective Standards and Interpretations under the Philippine Financial Reporting Standards
(PFRS)

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards		✓		
PFRS 1 (Revised)	<i>First-time Adoption of Philippine Financial Reporting Standards</i>	✓		
	<i>Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	✓		
	<i>Amendments to PFRS 1: Additional Exemptions for First-time Adopters</i>	✓		
	<i>Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters</i>	✓		
	<i>Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters</i>			✓
	<i>Amendments to PFRS 1: Government Loans*</i>		✓	
PFRS 2	<i>Share-based Payment</i>			✓
	<i>Amendments to PFRS 2: Vesting Conditions and Cancellations</i>			✓
	<i>Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions</i>			✓
PFRS 3 (Revised)	<i>Business Combinations</i>			✓
PFRS 4	<i>Insurance Contracts</i>			✓
	<i>Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts</i>			✓
PFRS 5	<i>Non-current Assets Held for Sale and Discontinued Operations</i>			✓
PFRS 6	<i>Exploration for and Evaluation of Mineral Resources</i>			✓
PFRS 7	<i>Financial Instruments: Disclosures</i>	✓		
	<i>Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets</i>	✓		
	<i>Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition</i>	✓		
	<i>Amendments to PFRS 7: Improving Disclosures about</i>	✓		



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
	<i>Financial Instruments</i>			
	Amendments to PFRS 7: <i>Disclosures - Transfers of Financial Assets</i>			✓
	Amendments to PFRS 7: <i>Disclosures – Offsetting Financial Assets and Financial Liabilities*</i>		✓	
	Amendments to PFRS 7: <i>Mandatory Effective Date of PFRS 9 and Transition Disclosures*</i>		✓	
PFRS 8	<i>Operating Segments</i>	✓		
PFRS 9*	<i>Financial Instruments</i>		✓	
	Amendments to PFRS 9: <i>Mandatory Effective Date of PFRS 9 and Transition Disclosures</i>		✓	
PFRS 10*	<i>Consolidated Financial Statements</i>		✓	
PFRS 11*	<i>Joint Arrangements</i>		✓	
PFRS 12*	<i>Disclosure of Interests in Other Entities</i>		✓	
PFRS 13*	<i>Fair Value Measurement</i>		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	<i>Presentation of Financial Statements</i>	✓		
	Amendment to PAS 1: <i>Capital Disclosures</i>	✓		
	Amendments to PAS 32 and PAS 1: <i>Puttable Financial Instruments and Obligations Arising on Liquidation</i>			✓
	Amendments to PAS 1: <i>Presentation of Items of Other Comprehensive Income*</i>		✓	
PAS 2	<i>Inventories</i>			✓
PAS 7	<i>Statement of Cash Flows</i>	✓		
PAS 8	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	✓		
PAS 10	<i>Events after the Reporting Period</i>	✓		
PAS 11	<i>Construction Contracts</i>			✓
PAS 12	<i>Income Taxes</i>	✓		
	Amendment to PAS 12 - <i>Deferred Tax: Recovery of Underlying Assets</i>			✓
PAS 16	<i>Property, Plant and Equipment</i>			✓
PAS 17	<i>Leases</i>			✓
PAS 18	<i>Revenue</i>	✓		
PAS 19	<i>Employee Benefits</i>			✓
	Amendments to PAS 19: <i>Actuarial Gains and Losses, Group Plans and Disclosures</i>			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
PAS 19 (Amended)*	Employee Benefits		✓	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements	✓		
PAS 27 (Amended)*	Separate Financial Statements		✓	
PAS 28	Investments in Associates	✓		
PAS 28 (Amended)*	Investments in Associates and Joint Ventures		✓	
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities*		✓	
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
	<i>Guarantee Contracts</i>			
	<i>Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets</i>			✓
	<i>Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition</i>			✓
	<i>Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives</i>			✓
	<i>Amendment to PAS 39: Eligible Hedged Items</i>			✓
PAS 40	<i>Investment Property</i>	✓		
PAS 41	<i>Agriculture</i>			✓
Philippine Interpretations				
IFRIC 1	<i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>			✓
IFRIC 2	<i>Members' Share in Co-operative Entities and Similar Instruments</i>			✓
IFRIC 4	<i>Determining Whether an Arrangement Contains a Lease</i>			✓
IFRIC 5	<i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>			✓
IFRIC 6	<i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>			✓
IFRIC 7	<i>Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies</i>			✓
IFRIC 8	<i>Scope of PFRS 2</i>	✓		
IFRIC 9	<i>Reassessment of Embedded Derivatives</i>			✓
	<i>Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives</i>			✓
IFRIC 10	<i>Interim Financial Reporting and Impairment</i>			✓
IFRIC 11	<i>PFRS 2- Group and Treasury Share Transactions</i>	✓		
IFRIC 12	<i>Service Concession Arrangements</i>			✓
IFRIC 13	<i>Customer Loyalty Programmes</i>			✓
IFRIC 14	<i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>			✓
	<i>Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement</i>			✓
IFRIC 16	<i>Hedges of a Net Investment in a Foreign Operation</i>			✓
IFRIC 17	<i>Distributions of Non-cash Assets to Owners</i>	✓		
IFRIC 18	<i>Transfers of Assets from Customers</i>			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2012		Adopted	Not Adopted	Not Applicable
IFRIC 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>			✓
IFRIC 20*	<i>Stripping Costs in the Production Phase of a Surface Mine</i>		✓	
SIC-7	<i>Introduction of the Euro</i>			✓
SIC-10	<i>Government Assistance - No Specific Relation to Operating Activities</i>			✓
SIC-12	<i>Consolidation - Special Purpose Entities</i>			✓
	<i>Amendment to SIC - 12: Scope of SIC 12</i>			✓
SIC-13	<i>Jointly Controlled Entities - Non-Monetary Contributions by Venturers</i>			✓
SIC-15	<i>Operating Leases - Incentives</i>			✓
SIC-25	<i>Income Taxes - Changes in the Tax Status of an Entity or its Shareholders</i>			✓
SIC-27	<i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>			✓
SIC-29	<i>Service Concession Arrangements: Disclosures.</i>			✓
SIC-31	<i>Revenue - Barter Transactions Involving Advertising Services</i>			✓
SIC-32	<i>Intangible Assets - Web Site Costs</i>			✓

* These are the new and revised accounting standards that are effective after the reporting period ended December 31, 2012. The Company will adopt these standards once become effective.



RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION

December 31, 2012

SOUTHEAST ASIA CEMENT HOLDINGS, INC. AND A SUBSIDIARY
25th Floor, The Salcedo Tower, 169 H.V. Dela Costa St., Salcedo Village, Makati City

Items	Amount
Unappropriated Retained Earnings, beginning	P 811,222,449
Adjustments	-
Unappropriated Retained Earnings, as adjusted, beginning	811,222,449
Net Income based on the face of AFS	3,753,973,155
Net Income Actual/Realized	4,565,195,604
Less: Treasury shares	3,493,387,677
Unappropriated Retained Earnings, as adjusted, ending	1,071,807,927

SOUTHEAST ASIA CEMENT HOLDINGS, INC. AND A SUBSIDIARY

Supplementary Schedules
Required by the Securities and Exchange Commission
As at December 31, 2012

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D. Intangible Assets - Other Assets	<u>N.A.</u>
E. Long-Term Debt	<u>N.A.</u>
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G. Guarantees of Securities of Other Issuers	<u>N.A.</u>
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N.A. Not applicable

SOUTHEAST ASIA CEMENT HOLDINGS, INC. AND A SUBSIDIARY

SCHEDULE A - FINANCIAL ASSETS

As at December 31, 2012

(Amounts in Pesos)

Name of issuing entity	Number of shares	Amount shown in the balance sheet	Value based on market quotation at balance sheet date	Income received and accrued
Lafarge Republic, Inc. - common stock	1,163,089,336	4,148,448,975	11.70	650,418,196
TOTAL	1,163,089,336	4,148,448,975	11.70	650,418,196

SOUTHEAST ASIA CEMENT HOLDINGS, INC. AND A SUBSIDIARY

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED UPON CONSOLIDATION
OF FINANCIAL STATEMENTS

As at December 31, 2012

(Amounts in Pesos)

Name of a Related Party	Beginning Balance	Addition	Amounts Collected	Amounts Written-Off	Current	Non Current	Balance at the End of Period
Seacem Silos, Inc.	-	8,960,000	-	-	8,960,000	-	8,960,000
TOTAL	-	8,960,000	-	-	8,960,000	-	8,960,000

SOUTHEAST ASIA CEMENT HOLDINGS, INC. AND A SUBSIDIARY

SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES

As at December 31, 2012

(Amounts in Pesos)

Name of Related Party	Outstanding balance
Lafarge Cement Services Phils, Inc.	1,139,961
Lafarge Holdings Phils, Inc.	12,020
TOTAL	1,151,981

SOUTHEAST ASIA CEMENT HOLDINGS, INC. AND A SUBSIDIARY

SCHEDULE H - CAPITAL STOCK
As at December 31, 2012

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Convertible and Other Rights	Number of Shares Held By:		
				Related Parties (Note 1)	Directors, Officers and Employees	Others
Common Stock	730,000,000	6,449,920,939	-	5,293,939,652	13,180	1,155,968,107
Treasury Stock	-	(930,730,108)	-	-	-	(930,730,108)
TOTAL	730,000,000	5,519,190,831	-	5,293,939,652	13,180	225,237,999

Note 1. Related Parties:
Calumboy Holdings, Inc.
Lafarge Holdings (Philippines), Inc.
Total

No. of Shares Held	% of ownership
3,419,211,948	29.07%
1,874,727,704	53.01%
<u>5,293,939,652</u>	

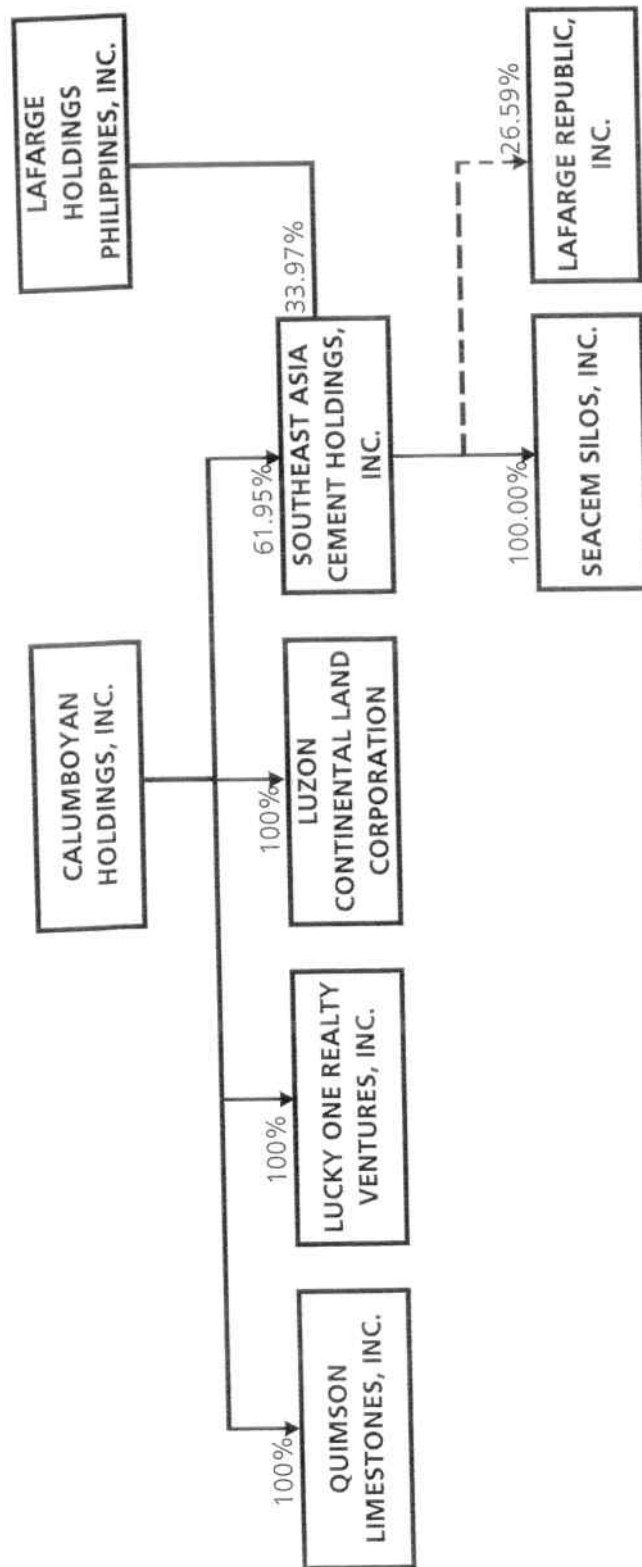
SOUTHEAST ASIA CEMENT HOLDINGS, INC. AND A SUBSIDIARY
I. SUMMARY OF FINANCIAL SOUNDNESS INDICATORS
As at December 31, 2012 and 2011

Financial Soundness Indicators	Formula	2012	2011
<i>Liquidity</i>			
1. Current Ratio	Current Assets / Current Liabilities	1.32	279.24
2. Receivable Turnover	Credit Sales / Average Net Receivables	N/A	N/A
<i>Solvency</i>			
3. Debt-to-equity Ratio	Total Liabilities / Total Equity	0.43	0.0005
<i>Asset-To-Equity</i>			
4. Asset-to-equity Ratio	Total Assets / Total Equity	1.43	1.00
<i>Profitability</i>			
5. Return on Assets	Profit for the Year / Total Assets	41.68%	10.46%

SOUTHEAST ASIA CEMENT HOLDINGS, INC. AND SUBSIDIARY

Illustration of relationships between the Company and its major stockholders, fellow subsidiaries, subsidiary and associate.

As of December 31, 2012



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 quarter ended – **March 31, 2013**
2. SEC Identification Number - **AS094-003992**
3. BIR Tax Identification No. - **003-871-592**
4. Exact Name of Registrant as specified in its charter:
Southeast Asia Cement Holdings, Inc.
5. Province, Country or other jurisdiction of incorporation or organization
Metro Manila, Philippines
6. (SEC Use Only) Industry Classification Code:
7. Address of Principal Office

**25th Floor, Salcedo Tower
169 H.V. Dela Costa St.,
Salcedo Village, Makati City
Philippines 1227**
8. Registrant's telephone number, including area code - **(632) 885-4599**
9. Former name, former address, and former fiscal year, if changed since last report.
N.A.
10. Securities registered pursuant to Sections 8 and 12 of the SRC and Sections 4 and 8 of the RSA

Common shares	6,449,920,939
---------------	----------------------
11. Are any or all of these securities listed on the Philippine Stock Exchange

Yes ☒ No ☐
12. Has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the Revised Securities Act (RSA) and RSA Rule 11 (a)-1 thereunder and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or such shorter period that the registrant was required to file such reports);

Yes ☒ No ☐
13. Has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

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SOUTHEAST ASIA CEMENT HOLDINGS, INC. AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In Thousand Pesos)

	March 2013 Unaudited	December 31 2012 Audited
ASSETS		
Current Assets		
Cash and cash equivalents	P 3,122,533	P 2,601,428
Prepayments and other current assets - net	29,265	7,623
	3,151,798	2,609,051
Non-current assets classified as held-for-sale	123,958	123,958
Total Current Assets	3,275,756	2,733,009
Non-current Assets		
Investment in an associate	4,166,833	4,148,449
Deferred tax asset	180	180
Total Non-Current Assets	4,167,013	4,148,629
	P 7,442,769	P 6,881,638
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payable	P 15,395	P 7,685
Income tax payable	-	180
Cash dividends payable	2,059,261	2,062,928
	2,074,656	2,070,793
Liabilities of the disposal group classified as held-for-sale	91	91
	2,074,747	2,070,884
Equity		
Capital stock	2,257,472	2,257,472
Treasury stock distributable as dividends	1,396,095	1,396,095
Reserves	78,086	78,087
Retained earnings	4,223,372	3,666,104
	7,955,025	7,397,758
Treasury stock	(2,587,004)	(2,587,004)
	5,368,021	4,810,754
	P 7,442,769	P 6,881,638

SOUTHEAST ASIA CEMENT HOLDINGS, INC. AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousand Pesos Except Earnings Per Share)

	For the quarter ended March 31	
	2013	2012
	Unaudited	
Gain on Disposal of Investment in an Associate	P 362,313	P -
Operating Expenses	10,633	2,924
	351,680	(2,924)
Other Income	9,115	7,333
Other Expenses	(249)	(206)
Profit from Operations	360,546	4,203
Equity in Net Profit of an Associate	196,722	202,987
Profit Before Tax	557,268	207,190
Income Tax Expense	-	-
Profit for the Period	557,268	207,190
Basic and Diluted Earnings Per Share	P 0.0880	P 0.0326

SOUTHEAST ASIA CEMENT HOLDINGS, INC. AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousand Pesos)

	For the period ended March 31	
	2013	2012
	Unaudited	
Capital Stock		
Common Stock - 6,449,920,939 shares at PhP0.35 par value per share	P 2,257,472	P 2,257,472
Treasury Stock Distributable as Dividends	1,396,095	-
Reserves		
Additional paid-in capital	127,170	127,170
Actuarial loss of an associate	(49,542)	(50,104)
Unrealized holding gain of an associate	458	334
	78,086	77,400
Retained Earnings		
Balance, beginning	3,666,104	4,443,289
Profit for the period	557,268	207,190
Balance, end	4,223,372	4,650,479
Treasury Stock - at cost, preferred and common shares	(2,587,004)	(222,274)
	P 5,368,021	P 6,763,077

SOUTHEAST ASIA CEMENT HOLDINGS, INC. AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousand Pesos)

	For the period ended March 31	
	2013	2012
	Unaudited	
Cash Flows from Operating Activities		
Profit for the period	P 557,268	P 207,190
Adjustment for equity in net profit of an associate	(196,722)	(202,987)
Gain on disposal of investments in an associate	(362,313)	-
Interest income	(9,115)	(7,333)
Operating cash flows before working capital changes	(10,882)	(3,130)
Decrease in prepayments and other current assets - net	(21,642)	(2,510)
Increase in trade and other payables	7,710	736
Cash used in operations	(24,814)	(4,904)
Income taxes paid	(180)	-
Net cash used in operating activities	(24,994)	(4,904)
Cash Flows from an Investing Activities		
Proceeds from sale of investments in an associate	540,653	-
Interest income received	9,115	7,333
Net cash from investing activities	549,768	7,333
Cash Flows from Financing Activity		
Dividends paid	(3,667)	-
Net Increase in Cash and Cash Equivalents	521,107	2,429
Cash and Cash Equivalents, beginning	2,601,428	826,889
Cash and Cash Equivalents, end	P 3,122,533	P 829,318

PART I - FINANCIAL INFORMATION

Basis of Preparation of Interim Financial Statements

The consolidated statements of financial position of Southeast Asia Cement Holdings, Inc. ("Parent Company") and a subsidiary (collectively, "Group") as at March 31, 2013 and December 31, 2012, respectively, and the related statements of comprehensive income, cash flows and changes in equity for the periods ended March 31, 2013 and 2012 were prepared in accordance with generally accepted accounting principles in the Philippines. All significant inter-company balances and transactions have been eliminated in the consolidated financial statements.

The accounting principles followed in the preparation of the Group's most recent annual financial statements were similarly applied in the preparation of the interim financial statements. There were no significant changes in the Group's accounting policies, practices and methods of estimates from the Group's last annual financial statements.

The Group has decided not to early adopt the following standards which are effective after December 31, 2012.

Effective for annual periods beginning or after July 1, 2012

- a. Amendments to PAS 1, *Presentation of Financial Statements*

Future adoption of these amendments will result in additional disclosure of items in other comprehensive income that may or may not be reclassified to profit or loss in the subsequent period.

Effective for annual periods beginning or after January 1, 2013

- b. Amendments to PAS 19, *Employee Benefits*
- c. PAS 27, *Separate Financial Statements (as amended in 2011)*
- d. PAS 28, *Investments in Associates and Joint Ventures (as amended in 2011)*
- e. Amendments to PFRS 1, *First Time Adoption on Government Loans*
- f. Amendments to PFRS 7, *Financial Instruments: Disclosures on Asset and Liability Offsetting*
- g. PFRS 10, *Consolidated Financial Statements*
- h. PFRS 11, *Joint Arrangements*
- i. PFRS 12, *Disclosures of Interest on Other Entities*
- j. PFRS 13, *Fair Value Measurement*
- k. *IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine*
- l. *Annual Improvements to PFRSs 2009-2011 Cycle*

Based on Management's initial assessment, letters c, e, f, h and j above are not applicable to the Group while letters d, g and i are applicable. The Group is currently evaluating the impact based on audited figures as at December 31, 2012.

Management believes that the future adoption of these standards, amendments and interpretations is will have no material effect in the Group's consolidated financial statements.

Effective for annual periods beginning or after January 1, 2014

- a. Amendments to PAS 32, *Financial Instruments: Presentation*

Management believes that the future adoption of these amendments will have no material effect in the Group's consolidated financial statements.

Effective for annual periods beginning on or after January 1, 2015

a. *PFRS 9, Financial Instruments*

Management believes that the future adoption of this standard will have no material effect in the Group's consolidated financial statements.

Earnings per share

Basic earnings per share is computed based on the weighted average number of common shares outstanding totaling to 6,333,579,676 and 6,357,767,439 as at March 31, 2013 and 2012, respectively.

Unusual items

Significant items affecting assets, liabilities, equity, profit for the period and cash flows that are unusual in nature for the three months ended March 31, 2013, if any, are included in the Management Analysis and Discussion of Interim Financial Condition and Results of Operations section.

Dividend payment

The Group did not declare or pay any dividends within the three months period ended March 31, 2013.

Segment revenue and segment result for business segments or geographical segments

Not applicable.

Effect of changes in the composition of the issuer

Not applicable.

Events After the Reporting Period

On April 1, 2013, the Parent Company sold its remaining investment in Lafarge Republic, Inc. ("Lafarge Republic") shares of stock to its Parent, Calumboyen Holdings, Inc. and to South Western Cement Ventures, Inc.

As at May 14, 2013, the Parent Company still has not had final clearance from the BIR for the payment of December 2012 property dividends.

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

Although the Group does not currently have an operating cement manufacturing subsidiary, a discussion on the cement industry has been incorporated herein in view of its investment in Lafarge Republic as of the first quarter of 2013.

Scope Changes

The Parent Company sold 50 million of its Lafarge Republic shares of stocks to the public in several tranches of varying volumes during the period between February and March 2013. This resulted to a 0.86% decrease in the Parent Company's ownership of Lafarge Republic.

Overall Market Condition

The domestic industry demand for the three months of 2013 increased by around 3.4%¹ compared to the same period in 2012. Private construction investment remained strong and was supported by continuous increase in public construction investment.

Events that will trigger direct or contingent financial obligation

The Group is not aware of any event that will trigger a direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

Material off-balance sheet transactions

The Group is not aware of any material off-balance sheet transaction, arrangement, obligation (including contingent obligation), and other relationship of the Group with unconsolidated entities or other persons created during the reported period other than those discussed in this report.

Material commitments for capital expenditures

The Group does not have any outstanding commitment for capital expenditures as at March 31, 2013.

Financial risk management

The Group has a risk management program that seeks to minimize potential adverse effects of foreign exchange, credit, interest rate and liquidity risks on its financial performance.

The Group's exposure to foreign exchange, credit, interest rate and liquidity risks is not significant. As at March 31, 2013, the Group does not have any monetary assets and liabilities that are denominated in foreign currency. On the other hand, the Group's interest rate risk pertains only to cash and cash equivalents. Thus, changes in the interest rates will not have a material effect on the consolidated financial statements.

The Group maintains highly liquid assets to assure necessary liquidity.

¹ Based on CeMAP estimate.

The Group's consolidated financial assets include cash and cash equivalents. On the other hand, financial liabilities include trade and other payables. The amounts presented in the consolidated statements of financial position approximate their fair values.

Significant elements of other income

The Group's other income refers mainly to interest income on bank deposits and money market placements.

Revenues Received Seasonally, Cyclically or Occasionally

Significant revenues received seasonally, cyclically or occasionally, if any, are included in the Management Analysis and Discussion of Interim Results of Operations.

Like other cement companies in the Philippines, the associate Lafarge Republic's operation is affected by weather patterns. Peak demands are normally experienced during the dry season then subside during the rainy season.

Key Performance Indicators

The Group has identified the following Key Performance Indicators affecting its current operations.

Indicators	Formula	March 31, 2013	March 31, 2012
Performance			
1. Earnings per share	= Profit for the period /Weighted average number of shares outstanding	0.0880	0.0326
Financial Soundness			
<i>Profitability</i>			
1. Return on Assets	= Profit for the period/Total Assets	7.5%	3.1%
2. Return on Equity	= Profit for the period/Total Equity	10.4%	3.1%
<i>Solvency</i>			
3. Debt-to-equity Ratio	= Total Liabilities/Total Equity	0.387	0.001
<i>Asset-to-Equity</i>			
4. Asset-to-Equity Ratio	= Total Assets/Total Equity	1.39	1.00
<i>Liquidity</i>			
5. Current Ratio	= Current Assets/Current Liabilities	1.58	225.59

- **Earnings per share, Return on assets and Return on equity** went up as a result of higher net profit for the period.
- **Debt-to-Equity** ratio went up to 0.387 mainly on account of unpaid cash dividends as at March 31, 2013. Cash dividends that were approved by the board of directors on December 20, 2012 have not been paid pending Bureau of Internal Revenue tax clearance for the property dividends that were also approved by the board on the same date for payment at the same time as the cash dividends.

- **Asset-to-Equity** ratio increased to 1.39 due to higher cash and cash equivalents balance as at March 31, 2013 resulting from the sale of 50 million Lafarge Republic shares in the first quarter of 2013.
- The Group's **Current ratio** went down to 1.58 mainly on account of unpaid cash dividends which were declared on December 2012.

NOTES TO FINANCIAL STATEMENTS

Results of Operations

Gain on Disposal of Investment in an Associate

This refers to the gain recognized from the sale of 50 million shares of stock of Lafarge Republic.

Operating Expenses

Other expenses increased by P7.71 million mainly due to higher taxes and licenses paid for the period.

Other Income

Other income increased by P1.78 million due to higher income earned from money market placements and bank deposits which resulted from higher cash and cash equivalents balance.

Other Expenses

Other expenses increased by P43 thousand due to higher bank charges incurred for the period.

Equity in Net Income of an Associate

This refers to the share in the net earnings of Lafarge Republic for the period. Ownership in Lafarge Republic decreased to 19.11% compared to the 26.59% ownership in the same period last year.

Income Tax Expense

The Group is not in a taxable position for the reported period. The Group did not recognize the related deferred tax asset on the resulting Net Operating Loss Carry Over (NOLCO) as Management believes that it is uncertain that the Group will have sufficient taxable income against which the NOLCO can be utilized.

Financial Condition

Cash and cash equivalents

The increase of 20% pertains mainly to cash received from the sale of 50 million shares of Lafarge Republic and interest earned for the period.

Prepayments and other current assets - net

The increase amounting to P21.64 million pertains mainly to third party claims recognized during the period.

Trade and Other Payables

The increase amounting to P7.71 million represents unpaid professional fees, payable to related parties and taxes payable during the period.

Income Tax Payable

The Parent Company paid its income tax payable in February 2013.

Retained Earnings

The movement amounting to P557.27 million pertains to the profit for the period.

Cash Flows

The Group's cash and cash equivalents balance stood at P3.12 billion as at March 31, 2013 mainly came from the sale of investments.

Please refer to the attached Statement of Cash Flows for more details.

PART II - OTHER INFORMATION

No disclosures were made other than those under SEC Form 17-C.

SIGNATURES

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

Registrant: **SOUTHEAST ASIA CEMENT HOLDINGS, INC.**

Signature and Title:


ARLENE DE GUZMAN
President

Date:

May 31, 2013

Signature and Title:


MYLA SAN BUENAVENTURA
Treasurer

Date:

May 31, 2013

Management's Discussion and Analysis of Operations

Although the Group does not have an operating cement manufacturing subsidiary, a discussion on the cement industry has been incorporated herein in view of the Company's investment in Lafarge Republic, Inc. (LRI) as of December 31, 2012. However, please note that in 2013, the Company sold its remaining shares of stock in LRI.

Review of Market Conditions in CY 2012

The Philippine' Gross Domestic Product (GDP) grew by 6.8%¹ in the fourth quarter of 2012, paving the way for the full-year GDP estimate to post a broad-based growth of 6.6%. The increase was fueled by the robust performance of the Services sector led by Trade and Real Estate, Renting and Business Activities, strong remittance inflows (increased by 6.3%¹ from 2011), as well as the substantial improvements in the Manufacturing and Construction industries². Gross National Income also accelerated to 6.6%¹ compared to 3.9% in 2011. These factors allowed the Philippines to keep the inflation and interest rates low.

The Construction and Cement Industry

Due to the continued growth in construction industry both for public and private sectors, the industry's demand for cement grew by 18% in 2012 compared to 2011³.

Results of Operations for CY 2012

The Group posted a net income after tax of PhP2,867.92 million in 2012. This favorable result is largely because of the gain recognized arising from the sale of some of its shares of stock in LRI and the gain from the buyback of its shares in exchange for LRI shares.

The following table shows the Group's comparative results of operations for the last three years:

<i>In Million Pesos</i>	2012	2011	2010
Gain on Disposal of Investment in an Associate	P2,150.46	P -	P -
Operating Expenses	(14.31)	(7.44)	(6.44)
Other Income	2,136.15	(7.44)	(6.44)
Other Expenses	51.94	23.77	10.85
	(16.65)	(0.35)	-
Profit from Operations	2,171.44	15.98	4.41
Equity in Net Income of an Associate	696.49	653.04	1,109.28
Profit Before Tax	2,867.93	669.02	1,113.69
Income Tax Expense	(0.01)	(0.02)	-
Profit for the Year	2,867.92	669.00	1,113.69
Other Comprehensive Income (Loss) - net of tax	(24.09)	(28.56)	9.94
Total Comprehensive Income	P2,843.83	P640.44	P1,123.63

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¹ Source: Bangko Sentral ng Pilipinas website <http://www.bsp.gov.ph/>

² Source: <http://www.tradingeconomics.com>

³ Source: CeMAP

Material Changes in Statements of Comprehensive Income Accounts

Gain on Disposal of Investment in an Associate

In 2012, the Group recognized a gain on disposal of investment in an associate amounting to PhP2.15 billion arising from the disposal of some of its investments in LRI through sale and the buyback of its shares in exchange for LRI shares.

Operating Expenses

Operating expenses increased by PhP6.87 million mainly on account of higher professional fees incurred during the year.

Other Income

Other income grew by PhP28.17 million on account of higher interest income earned arising from higher cash and cash equivalents balance in 2012.

Other Expenses

Other expenses account is composed of stock brokerage fees, provision for input VAT and bank charges incurred during the year. Stock brokerage fees arose from the sale of some of its investments in shares of stock in LRI.

Equity in Profit of an Associate

This refers to the share in the earnings of LRI for the year.

Income Tax Expense

The Group was in a taxable loss position in the last three years. The Group did not recognize the related deferred tax asset on the resulting Net Operating Loss Carry-over (NOLCO) as Management believes that it is uncertain that the Group will have sufficient future taxable income against which the NOLCO can be utilized. However, the Group recognized the amount of minimum corporate income tax (MCIT) as deferred tax assets.

Other Comprehensive Income (Loss)

This pertains to the Group's share in the other comprehensive income (loss) of LRI for the year.

Material Changes in Consolidated Statements of Financial Position Accounts

Cash and cash equivalents

The significant increase in cash amounting to PhP1,774.54 million is due primarily to the proceeds received from the sale of some of its investments in shares of stock in LRI, collection of dividends from LRI and interest income received from bank deposits and money market placements.

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Prepayments and other current assets - net

The decrease in prepayments and other assets - net amounting to PhP2.67 million is mainly due to the provision for input VAT recognized during the year, offset by the increase in interest income receivable as a result of higher amount of cash deposits and money market placements.

Investment in an associate

The decrease of PhP1.29 billion is mainly due to the disposal of some of its investment in shares of stock of LRI.

Deferred tax asset

Deferred tax assets increased by PhP0.17 million as a result of MCIT recognized for the year.

Trade and other payables

The increase in the account amounting to PhP5.07 million was the result of higher accrued professional fees related to the voluntary tender offer of its shares.

Income tax payable

The Group recognized an MCIT in 2012 amounting to PhP0.18 million, payable not later than April 15, 2013.

Cash Dividends Payable and Treasury stock Distributable as dividends

On December 20, 2012, the Company approved the declaration of cash dividends of PhP0.38 per outstanding common share or PhP2.10 billion, and property dividends consisting of treasury shares in the amount of one treasury stock, at its fair value as of the date of declaration of PhP1.50 per share, per 5.93 outstanding common shares, amounting to PhP1.40 billion, to stockholders of record as at January 9, 2013.. Both the cash and property dividends are payable on January 23, 2012 or 5 days after the date of approval by the SEC of the issuance of the property dividends and any required BIR clearance, whichever is later.

Retained Earnings

The movements in this account pertain to the profit for the year, offset by dividends declared during the year.

Treasury stock

Pursuant to the voluntary tender offer which the Company conducted from October to November 2012, the Company bought back 930,730,108 of its shares of stock, resulting in treasury stock in the books of the Company.

Key Performance Indicators (KPIs)

The Group identified the following KPIs:

KPI	Formula	2012	2011	2010
Profitability				
1. Return on Equity	Profit for the Year / Total Equity	60%	10%	19%
2. Return on Assets	Profit for the Year / Total Assets	42%	10%	19%

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3. Earnings Per Share	Profit for the Year / Weighted Average Number of Common Shares Outstanding	0.453	0.105	0.175
Leverage 4. Debt-to-Equity Ratio	Total Liabilities / Total Equity	0.4305	0.0005	0.0013
Liquidity 5. Current Ratio	Current Assets / Current Liabilities	1.26	279.24	93.19

1. The Group's **Return on Equity and Return on Assets** showed a significant improvement to 60% from 10% and 42% from 10%, respectively, driven by higher profit in 2012.
2. **Earnings Per Share** jumped to 0.453 from 0.105 due to higher profit in 2012.
3. **Debt to Equity Ratio** increased to 0.4305 as a result of the recognition of treasury shares, offset by higher dividends payable as at December 31, 2012.
4. The Group's **Current Ratio** significantly decreased to 1.26 as of end of 2012 due primarily to higher dividends payable as at December 31, 2012, offset by higher cash and cash equivalents balance as of end of 2012 generated from the sale of some of its investment in shares of stock in LRI, dividend income received from LRI and interest income received from bank deposits and money market placements. The Group has sufficient current assets to meet maturing obligations.

Trends, events or uncertainties

The safeguard tariff on imported cement expired on December 10, 2004. An Executive Order dated November 2008 also lifted import duty on cement for six months. This was extended for additional six-month periods until July 2011 when the Department of Trade and Industry announced the further extension of the zero tariff rate although no official issuance has been published to date.

Structurally, the Philippines is at a disadvantage since it has one of the highest power costs in the region. Prices of inputs such as energy, freight, raw materials and other goods and services have also increased due to inflationary pressures. These affect the cost of production. Hence, efforts at continuing operational efficiencies will be crucial to help partially offset the cost increases.

Capital Expenditures

The Group does not have any outstanding commitment on capital expenditures as of the end of 2012.

Operational and Financial Requirements

The Group maintains highly liquid assets in order to meet future operational and financial requirements. *w*

Material Contingencies and Off-Balance Sheet Obligations

The Group is not aware of any significant commitment, guarantee, litigation or contingent liability during the reported period other than those discussed in this report and the Audited Financial Statements.

Events that will trigger direct or contingent financial obligation

The Group is not aware of any event that will trigger a direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

Results of Operations for CY 2011

The Group posted a consolidated net profit after tax of PhP669.0 million in 2011. This favorable result is largely due to the equity in the net profit of its associate, LRI.

Material Changes in Consolidated Statements of Comprehensive Income Accounts

Operating Expenses

The increase in operating expenses amounting to PhP1.0 million is mainly due to higher business taxes and listing fees.

Other Income

Other income increased by PhP12.92 million in 2011 due to higher interest income on bank deposits and reversal of provision for third party claims.

Other Expenses

The increase in operating expenses of PhP0.35 million pertains mainly to higher money market trust fees for the year.

Equity in Net Profit of an Associate

This refers to the Group's share in the net earnings of LRI for the year.

Income Tax Expense

The Group was in a taxable loss position in the last three years. The Group did not recognize the related deferred tax asset on the resulting NOLCO as Management believes that it is uncertain that the Group will have sufficient future taxable income against which the NOLCO can be utilized. However, the Group recognized the amount of MCIT as deferred tax assets.

Other Comprehensive Income (Loss)

These pertains to the Group's share in the other comprehensive income (loss) of LRI for the year.

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Material Changes in Consolidated Statements of Financial Position Accounts

Cash and cash equivalents

The increase in cash amounting to PhP253.63 million is primarily due to the collection of dividends from LRI and interest income received from bank deposits and money market placements, partially offset by dividend payment amounting to PhP190.44 million.

Prepayments and other current assets - net

The increase amounting to PhP0.97 million is mainly due to the uncollected interest income.

Deferred tax asset

Deferred tax assets decreased as a result of expired MCIT in 2011.

Trade and other payables

The decrease in the account amounting to PhP3.25 million resulted mainly from payments made during the period.

Income tax payable

The Group paid in full its income tax payable in 2011. No liability was recognized in 2011.

Provisions

The decrease amounting to PhP1.0 million represents reversal of remaining provision for third party claims.

UNDERTAKING

A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A WILL BE PROVIDED, WITHOUT ANY CHARGE, TO ANY STOCKHOLDER OF THE COMPANY UPON WRITTEN REQUEST ADDRESSED TO: RUBY SARAH S. NITORREDA, CORPORATE INFORMATION OFFICER, 25TH FLOOR, THE SALCEDO TOWER, 169 H.V. DELA COSTA ST., SALCEDO VILLAGE, MAKATI CITY, METRO MANILA, PHILIPPINES.

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Brief Description of the General Nature and Scope of the Business

Business

Southeast Asia Cement Holdings, Inc. (the "Company" or "Seacem" or "Corporation") was established on May 3, 1994 as a holding company.

In December 2003, the Company subscribed to 1,548,614,753 common shares of Republic Cement Corporation ("Republic"). As payment for said subscription, Seacem exchanged its (a) 19,960,995 common shares in FR Cement Corporation ("FRCC") and (b) 10,000,000 common shares in Lloyds Richfield Industrial Corporation ("LRIC"). As a result, FRCC and LRIC ceased to be subsidiaries of the Company. The Company now owns 26.59% of Republic.

The Securities and Exchange Commission ("SEC") approved on October 9, 2007 the merger of Seacem's subsidiaries - Seacem Silos, Inc. ("SSI") and Seacem Trading Corporation ("STC"); SSI's subsidiary Agrodynamics Philippines, Inc. ("API"), and STC's subsidiary Hopkins Holdings, Inc. ("HHI"), with SSI as the surviving corporation. SSI (or "Subsidiary") remains a wholly-owned subsidiary and is now the sole subsidiary of Seacem. SSI has not started commercial operations.

On December 29, 2009, the SEC approved the following corporate actions:

- The decrease in the authorized capital stock of the Corporation from PhP7,300,000,000 divided into 7,300,000,000 shares with par value of PhP1.00 each to PhP2,555,000,000 divided into 7,300,000,000 shares with par value of PhP0.35 each;
- The amendment of the Seventh Article of the Articles of Incorporation of the Company decreasing the authorized capital stock from PhP7,300,000,000 to PhP2,555,000,000 and the par value of the shares from PhP1.00 to PhP0.35 each; and
- The equity restructuring to wipe out the entire deficit of the Corporation as of December 31, 2008 amounting to PhP5,469,225,264 against the additional paid in capital of PhP1,403,947,155 and part of the reduction surplus amounting to PhP4,192,448,610.35, subject to the condition that the remaining reduction surplus of PhP127,170,501.35 shall not be used to wipe out losses that may be incurred in the future without prior approval of the SEC.

On September 3, 2012, the Company sold 136 million of its LRI shares to various institutional investors.

During a period between October and November 2012, the Company conducted a voluntary tender offer to buy back up to 989,338,284 of its shares of stock held by its public shareholders, in exchange for the Company's shares of stock in LRI, at a ratio of 3.73 of the Company's public shares for every one LRI share and an additional cash amount of PhP0.0277 per share of the Company to cover customary charges. The voluntary tender offer resulted in 930,730,108 treasury shares of the Company, in exchange for which the Company sold 249,525,417 of its LRI shares to the tendering shareholders. The Company's total outstanding shares and its public ownership were thereby reduced to 5,519,190,831 shares and to 133,074,499 shares (or 2.4% of its total outstanding shares), respectively.

On December 27, 2012, the Company's board of directors approved the declaration of property dividends consisting of the treasury shares, in the amount of one treasury stock per 5.93 outstanding common shares, to stockholders of record as of January 9, 2013, payable on January 23, 2013 or 5 days after SEC approval of the property dividend and any required Bureau of Internal Revenue ("BIR") clearance, whichever is later.

As a result of the Company's non compliance with the 10% minimum public ownership requirement as of December 31, 2012, the Philippine Stock Exchange ("PSE" or the "Exchange") suspended trading of the Company's shares on the Exchange, effective January 1, 2013. If the Company still fails to meet the 10% minimum public ownership requirement by June 30, 2013, it will be automatically delisted from the Exchange on July 1, 2013. As at December 31, 2012 and 31 March 2013, the Company's public float is at 2.4%.

In 2013, the Company sold 50 million of its LRI shares to the public consisting mostly of institutional investors in several tranches of varying volumes over a period until 6 March 2013 through the stock exchange. Subsequently, upon shareholder approval, the Company also sold via block sale executed on the PSE on April 1, 2013, its 1,113,089,336 LRI shares to related parties.

By Certificate dated May 10, 2013, the SEC approved the amendment of the Company's By-Laws to change its fiscal year to commence on July 1 of each year. The BIR also issued a Certificate Granting the Change in Accounting Period, dated May 27, 2013, to change the Company's fiscal year to be from July 1 to June 30 of each year, effective 2013.

The Company and the Subsidiary (collectively, the "Group") have no record of any bankruptcy, receivership or similar proceedings during the past three (3) years. Neither have the Company and Subsidiary made any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business during the past three (3) years of 2010 to 2012, except as disclosed herein.

Employees / Collective Bargaining Agreements

The Company has no employees as of December 31, 2012. A holding company, the Company has entered into a service agreement with Lafarge Cement Services (Philippines), Inc. for corporate services, bookkeeping and treasury services, as disclosed in Note 13 of the Company's 2012 audited consolidated financial statements.

Transactions with Related Parties

Please refer to Note 13 of the Consolidated Audited Financial Statements of the Company.

Property

The Company's Assets (Consolidated) are as follows:

	December 31, 2012 (in PhP)	December 31, 2011 (in PhP)
Cash and cash equivalents	2,601,427,875	826,889,421
Prepayments and other current assets	7,622,682	10,289,523
Non current assets classified as held for sale	123,958,066	—
Investment in an associate	4,148,448,975	5,435,781,729
Investment property - net	-	123,958,042
Deferred Tax Asset	179,530	5,553
Total Assets	6,881,637,128	6,396,924,268

The above assets do not secure any loan or credit facilities of the Group. Neither does the Group lease any property. As of the date of this report, the Company and the Subsidiary do not intend to acquire any property in the next 12 months.

Legal Proceedings

To the knowledge and information of the Company, there is no material pending legal proceeding (wherein the amount involved, exclusive of interest and costs, exceeds ten percent (10%) of the current assets of the Company), to which the Company or its Subsidiary is a party or of which their property is the subject before any court of law or administrative body in the Philippines or elsewhere, which if adversely determined, will have material adverse effect on the financial condition of the Company.

Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the fourth quarter of the fiscal year covered by this report. However, on March 27, 2013, a special stockholders meeting was conducted at which the stockholders representing more than a majority of the Company's outstanding capital stock approved the sale of the Company's shares of stock in its associate, LRI, and its subsidiary, SSI, to related parties.

OPERATIONAL AND FINANCIAL INFORMATION

Market Information

The PSE is the principal market for the Company's shares, except that as mentioned above, the PSE has suspended trading of the Company's shares beginning January 1, 2013 for non compliance with the minimum public ownership requirement. The closing price of the shares as of December 28, 2012 (the latest trading date for the shares on the PSE) is at PhP 2.40 per share and the high and low sale prices for each quarter within the last two (2) fiscal years is as follows:

	HIGH	LOW
For 2012:		
1st Quarter	1.90	1.59
2nd Quarter	1.84	1.64
3rd Quarter	2.64	1.75
4th Quarter	3.34	1.21
For 2011:		
1st Quarter	2.01	1.22
2nd Quarter	1.77	1.37
3rd Quarter	1.66	1.25
4th Quarter	1.64	1.29

Holders

SEACEM has approximately 1,730 shareholders as of April 30, 2013. The following are the top 20 stockholders with their respective shareholdings and percentage to total shares outstanding as of May 27, 2013:

Stockholder Name	Nationality	No. of Shares	%
Calumboyen Holdings, Inc.	Filipino	3,995,807,554	61.95
Lafarge Holdings (Philippines), Inc.	French	2,190,879,655	33.97
Orion-Squire Capital, Inc. A/C-0459 (107,693,719 common shares held for the account of Hopkins Holdings, Inc.)	Filipino	114,155,341	1.77
PCD Nominee Corp - Filipino	Filipino	99,535,984	1.54
PCD Nominee Corp - Non-Filipino	Foreign	3,774,401	0.06
Intervest Merchant Finance Corp.	Filipino	3,340,913	0.05
Angping and Associates Securities, Inc.	Filipino	2,740,446	0.04
Ill Kyoung Park	Korean	2,458,921	0.04
Squire Securities Inc.	Filipino	2,454,733	0.04
George L. Go	Filipino	1,793,377	0.03
Kuok Philippines Properties, Inc.	Filipino	1,313,076	0.02
Gabriel Tong	Filipino	1,189,200	0.02
Gregorio S. Oca	Filipino	1,181,768	0.02
Venson Paz	Filipino	1,168,634	0.02
Domingo A Cirilos Jr.	Filipino	1,051,770	0.02
Julienna Uy	Filipino	841,416	0.01
Martin L. Prieto	Filipino	805,187	0.01
Manuel T. Gonzales	Filipino	795,301	0.01
Wellington Y. Tong	Filipino	743,250	0.01
Marie Louise Tong	Filipino	743,250	0.01

Dividends

The common shares of the Company are eligible for payment of dividends depending on the Company's earnings and financial condition, subject to the restrictions imposed by the Company's Articles of Incorporation and Section 43 of the Corporation Code as supplemented by the SEC guidelines on the determination of retained earnings available for dividend declaration. There are no restrictions that limit the ability to pay dividends on common equity other than as provided in the Articles of Incorporation and said law and SEC guidelines.

No dividends were issued by the Company in 2009.

In 2010, the Company's Board of Directors approved the declaration and payment of cash dividends in the amount of PhP0.02 per outstanding common share to stockholders of record as of July 19, 2010 and payable on August 11, 2010.

In 2011, the Company's Board of Directors approved the declaration and payment of a regular dividend of PhP0.02 per outstanding common share, and a special dividend of PhP0.01 per outstanding common share, both in cash, to stockholders of record as of July 19, 2011 and payable on August 11, 2011.

In 2012, the Company's Board of Directors approved the declaration of cash dividends in the amount of PhP0.38 per outstanding common stock and property dividends consisting of treasury shares in the amount of one treasury stock per 5.93 outstanding common shares, to stockholders of record as of January 9, 2013, payable on January 23, 2013 or 5 days after SEC approval and any required BIR clearance, whichever is later. [On May 22, 2013, the Company's Board of

Directors approved the declaration of cash dividends in the amount of PhP1.656 per outstanding common share to stockholders of record as of June 5, 2013.]

Description of Registrant's Securities

The Company has a total of 6,449,920,939 issued common stock as of May 27, 2013. 6,449,913,681 common shares of the Company are outstanding and 7,258 shares are treasury stock. During the past three years, there was no additional issuance of the Company's shares.

Compliance with Leading Practice on Corporate Governance

In 2011, the Corporation adopted a Revised Manual on Corporate Governance pursuant to SEC Memorandum Circular No. 6, Series of 2009 and in amendment of its Manual on Corporate Governance dated 21 August 2002 as amended in June 2010.

By Certification dated January 7, 2013, the Corporate Secretary and Compliance Officer of the Company certified that to the best of her knowledge, information and belief, there is no material deviation from the Company's Revised Manual on Corporate Governance.

To ensure compliance with the Revised Manual on Corporate Governance, the Compliance Officer shall, among other things, (i) monitor compliance with the provisions and requirements of the Revised Manual on Corporate Governance, (ii) determine violations thereof and recommend possible penalties for violation for further review and approval of the board, and (iii) identify, monitor and control compliance risks. Further, on the 30th day of January each year, the Compliance Officer shall issue a certification on the extent of the Company's compliance with its Revised Manual on Corporate Governance for the completed year and explain the reason/s for any deviation therefrom.

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