BenguetCorp

SEC Reg. No. 11341

August 19, 2011

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA
Greenhills, Mandaluyong City

Attention: ATTY. JUSTINA F. CALLANGAN
Director, Corporation Finance Department

PHILIPPINE STOCK EXCHANGE
3rd Floor Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: MS. JANET A. ENCARNACION
Head, Disclosure Department

Gentlemen:

In compliance with the reportorial requirements of the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE), attached hereto is Benguet Corporation's 2011 Second Quarter Report ended June 30, 2011 under SEC Form 17-Q.

Please note that on August 12, 2011, we requested for extension of deadline to file the said report with the SEC under SEC Form 17-L and a written request for extension to file with the PSE.

We hope that you will find everything in order.

Very truly yours,

BENGUET CORPORATION
By:

HERMOGENE H. REAL
Corporate Secretary

Universal Re-Building, 106 Paseo de Roxas, 1226 Makati City Philippines
MCPO Box 3488 • Phone: +632.812.1380 • Fax: +632.752.0717

COVER SHEET

1	1	3	4	1					

SEC Registration Number

B E N G U E T   C O R P O R A T I O N

(Group's Full Name)

7 t h   F l O o r ,   U n i v e r s a l   R e   B u i l D i n g ,
1 0 6   P a s e o   d e   R o x a s ,   M a k a t i   C i t y

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

Mr. Reynaldo P. Mendoza
(Contact Person)

812-1380
(Group Telephone Number)

12 **31**
Month *Day*
(Calendar Year)

17-Q
(Form Type)

Month *Day*
(Annual Meeting)

Not Applicable
(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

17,091
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **JUNE 30, 2011**
2. Commission identification number: **11341** 3. BIR Tax Identification No.: **000-051-037**

   BENGUET CORPORATION
4. Exact name of issuer as specified in its charter

   PHILIPPINES
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: [ ] (SEC Use Only)

   7F UNIVERSAL RE-BUILDING, 106 PASEO DE ROXAS, MAKATI CITY **1226**
7. Address of issuer's principal office Postal Code

   (**632) 812-1380 / 751-9137**
8. Issuer's telephone number, including area code

   ....
9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA.

	Number of shares of common stock outstanding and amount of debt outstanding
Convertible Preferred Class A	217,061 shares
Common Class A Stock	101,661,505 shares
Common Class B Stock	61,473,467 shares

Consolidated outstanding principal debt as of June 30, 2011 -- ₱318 Million

11. Are any or all of the securities listed on a Stock Exchange? Yes [**X**] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    The Issuer's Convertible Preferred Class A share, Common Class A share and Common Class B share are listed in the Philippine Stock Exchange (PSE).

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

    Yes [X] No [ ]

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

    Yes [ ] No [X]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Financial Statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein.

PLEASE REFER TO ANNEX “B” which is incorporated herein as part of this report (SEC Form 17-Q), on pages 12 to 21 which contained the following:

1. THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF BENGUET CORPORATION AND SUBSIDIARIES FOR THE SECOND QUARTER ENDED JUNE 30, 2011 (WITH AUDITED COMPARATIVE DATA FOR 2010) WERE PREPARED IN CONFORMITY WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE PHILIPPINES AND REFLECT AMOUNTS THAT ARE BASED ON BEST ESTIMATES AND INFORMED JUDGMENT OF MANAGEMENT WITH AN APPROPRIATE CONSIDERATION TO MATERIALITY;
2. AGING OF ACCOUNTS RECEIVABLE AS OF JUNE 30, 2011; AND
3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

<u>RESULTS OF OPERATIONS</u>

<u>2011 Second Quarter versus 2010 Second Quarter</u>

Consolidated net income for the second quarter and six months period this year amounted to ₱122.0 million and ₱580.1 million, respectively, a turnaround from the net losses of ₱71.8 million and ₱88.3 million for the same periods last year. The net operating income of ₱54.1 million before the non-cash financing charges of ₱23.0 million from the Sta. Cruz Nickel Project (SCNP) and Acupan Contract Mining Project (ACMP) and the extraordinary gain of ₱549 million from the debt settlement contributed to the turnaround this six months period.

Consolidated Operating revenues this quarter and six months period significantly increased to ₱191.1 million and ₱374.0 million, respectively from ₱85.8 million and ₱134.3 million for the same periods last year. The mining operations contributed ₱331 million in revenues mainly from SCNP (₱173 million) and ACMP (₱152 million).

Operating costs and expenses this quarter of ₱172 million is higher than ₱85 million for the same quarter last year mainly due to higher selling and general expenses and cost of mine products sold this quarter. For the same reasons, the operating costs and expenses for six months period this year is also higher by ₱164.2 million to ₱313.1 million from ₱149.0 million for the same period in 2010.

For the quarter this year, other net income amounted ₱103.7 million, a turnaround from the other expenses of ₱86.8 million for the same quarter last year. The ₱112.9 million gain on debt settlement contributed to the positive variance. Likewise for the six months period this year, other net income amounted to ₱526.3 million, a turnaround from the other net expenses of ₱91.8 million for the same period last year.

The provision for income tax for the second quarter and six months period this year, amounted to ₱900 thousand and ₱7.1 million, respectively, compared with the benefit from income tax of ₱15 million and ₱3.5 million for the same periods last year.

For more detailed discussion on the Company’s results of operations and plan of operation, please refer to the Company’s President Report for Second Quarter 2011 which form as integral part of this report and marked as Annex “A” on pages 8 to 11.

2010 Second Quarter versus 2009 Second Quarter

Consolidated net loss in the second quarter of 2010 amounted to ₱71.8 million, higher than the loss of ₱17.9 million for the same quarter in 2009. The negative variance was partly from the foreign exchange loss of ₱45.7 million in the quarter versus foreign exchange gain of ₱9.6 million for the same period in 2009. For the six months period, the consolidated net loss went down to ₱88.3 million from ₱106.7 million for the same period in 2009. The decreased was mainly due to improved gold production and receipts from nickel ore. The losses for the six months period this year is after the ₱95.8 million non-cash charges in accrued interest expenses of ₱79.5 million, foreign exchange loss of ₱2.6 million and depreciation and amortization of ₱13.7 million.

Operating revenues in the second quarter and for the six months period of 2010 increased to ₱85.8 million and ₱134.3 million from ₱33.8 million and ₱66.3 million for the same periods in 2009. The increased is attributed to improve gold production in ACMP and mining receipts from nickel ore.

Operating costs and expenses in the second quarter of 2010 is ₱85.1 million, higher than the ₱57.5 million for the same quarter in 2009 mainly due to higher selling and general expenses in 2010. For the same reasons, the operating costs and expenses for six months period in 2010 is also higher by ₱37 million to ₱149 million from ₱112 million for the same period in 2009.

For the second quarter in 2010, other expenses amounted ₱87.5 million compared to other income of ₱6.1 million for the same quarter in 2009. The negative variance was partly due to the foreign exchange loss of ₱45.7 million in 2010 versus foreign exchange gain of ₱9.6 million and gain on sale of Catitipan property in Davao for the same period in 2009. Other expense for the first semester in 2010 amounted to ₱77.1 million, higher than the P69.5 million for the same period in 2009.

FINANCIAL POSITION

2011 Second Quarter versus 2010 Second Quarter

The Company ended the second quarter of 2011 with consolidated assets of ₱4.120 billion, higher than end-December 2010 level of ₱4.070 billion. Cash and cash equivalents decreased to ₱159 million from ₱292 million in 2010 mainly from cash used by operating activities and equipment purchases for the Acupan Contract Mining Project expansion.

Receivables increased to ₱447 million from ₱270 million, attributed mainly from nickel shipment not yet collected. Loans receivable decreased to ₱46.2 million from ₱54.7 million in 2010 mainly due to partial collection this six months.

Property, plant and equipment increased to ₱2,799 million from ₱2,750 million last year mainly due to purchases for the expansion of Acupan Contract Mining Project.

Mining exploration and project development costs slightly decreased to ₱327 million from ₱354 million last year.

Accounts payable and accrued expenses increased to ₱738 million, mainly from BNMI advances from DMCI Mining Corp chargeable against future share and payable to suppliers and contractors. The outstanding bank loans (inclusive of interest and penalties as of June 30, 2011 decreased to ₱986 million from ₱1.491 billion in 2010, mainly due to settlement of some debt this six months period.

Income tax payable this quarter pertains mainly to the P7.2 million income tax payable of BNMI Sta. Cruz Nickel Project.

Deficit as of June 30, 2011 decreased to ₱2.0 billion from ₱2.575 billion in 2010 mainly due to the net income for the six months of 2010. For the same reason, Stockholders Equity increased to ₱1.339 billion from ₱0.755 billion last year.

The Company's current liability still exceeded its current assets by ₱1.0 billion as of June 30, 2011 and ₱1.6 billion as of December 31, 2010.

2010 Second Quarter versus 2009 Second Quarter

The Company ended the second quarter of 2010 with consolidated assets of ₱3.741 billion, higher than end-December 2009 level of ₱3.580 billion. The increased was attributed to the ₱150 million initial subscription of RYM Business Management Corporation (RBMA). Cash and cash equivalents is almost the same as in 2009.

Receivables significantly increased to ₱252 million from ₱131 million mainly from the sale of nickel and chromite ore not yet collected this quarter. Prepaid and other current assets slightly decreased to ₱26 million from ₱29 million.

Deferred charges and other assets increased to ₱580 million from ₱528 million in 2009 mainly due to expense incurred in Balatoc Tailings Project and Acupan Contract Mining Project expansion program to increase its milling capacity to 100 tons per day.

Accounts payable and accrued expenses slightly decreased to ₱585 million from ₱595 million in 2009.

The outstanding bank loans (inclusive of interest and penalties as of June 30, 2010 increased to ₱3.771 billion from ₱3.694 billion in 2009, mainly due to accrued interest booked this quarter. The Company offered to settle its obligations under current market conditions and especially as they relate to the Special Purpose Vehicle (SPV) Law and existing jurisprudence. During the quarter in review, the Board approved the proposed buy-back from Strato International Holdings Ltd. of BC debt papers equivalent to a significant portion of the secured debt, and a proposal for similar debt buy-back or debt restructuring to other creditors/holders of debt papers. Negotiations are ongoing.

Stockholder's equity increased to ₱486 million as of the end of second quarter in 2010 from ₱453 million end of 2009. The increased was mainly from the ₱150 million initial subscription of RYM Business Management Corporation. For the same reason, capital surplus improved to ₱1.151 billion in 2010 second quarter from ₱1.033 billion in 2009.

Capital deficiency as of June 30, 2010 slightly decreased to ₱1.733 billion from ₱1.796 billion in 2009 attributed mainly to the ₱150 million initial subscription of RYM Business Management Corporation partly offset by the net losses for the first semester of 2010.

The Company's current liability still exceeded its current assets by ₱4,027 million in June 2010 and ₱4,073 million in 2009.

Among the plans and activities that the company will undertake in the next twelve months to bring its negative equity to positive equity are as follows: (1) The Company plan to expand ACMP's milling capacity; (2) Operate its Nickel Project in Sta. Cruz, Zambales Province; (3) Operate its Gold Tailings Reprocessing Project in Itogon Province; and (4) Buy-back or debt restructuring of debt papers as discussed above. These projects will generate significant cash flow and income to bring its negative equity to positive equity.

KNOWN TRENDS, EVENTS OR UNCERTAINTIES

The Company foresees improvement in its cash flow as the Company's ACMP continues to improve its gold production, steady market of quicklime from ILP and assured market for nickel ores of Sta. Cruz Nickel Project due to off-take agreement with DMCI Mining Corporation. The agreement assured the Company of a market for high and low grade nickel and high grade iron ores.

Except for the Company's outstanding bank loans, there are no material events that will trigger direct or contingent financial obligations to the Company. As of June 30, 2011, the Company was able to retire 82.99% of its combined secured and unsecured debt. The Parent Company outstanding principal debt subject to the repayment plan amounted to ₱249 million.

There are no material off-balance sheet transactions, arrangement, obligations, and other relationship of the Company with unconsolidated entities or other persons that the Company is aware of during the quarter.

For the quarter in review, the Company continues to fund the capital requirement of its nickel and gold tailings projects in Zambales and Benguet Provinces, respectively. The anticipated increase production of gold at ACMP, higher quicklime sales from ILP and shipment of nickel ores from its Sta. Cruz Nickel Project will have a favorable impact on the Company's net sales and income.

As of June 30, 2011, except for what has been noted in the preceding, there are no material events or uncertainties known to management that had material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Company;
- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Company's continuing operations;
- Seasonal aspects that had a material impact on the Company's results of operations; and
- Material changes in the financial statements of the Company.

KEY PERFORMANCE INDICATORS

1.) *Working Capital* - Working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measures the liquidity or debt paying ability of the Company. The Company's current liabilities exceeded its current assets by ₱1.0 billion as of June 30, 2011 and ₱1.6 billion as of December 31, 2010. The Company plans in regard to these matters will focus on the exploration and development of its mineral properties such as the Sta. Cruz Nickel Project, the Surigao Coal project, Balatoc Tailings Project and Acupan gold mine. The activities being undertaken during the quarter were discussed in the Company's President's Report for Second Quarter 2011, marked as Annex "A".

2.) *Metal Price* - The market price of gold in the Banko Sentral ng Pilipinas which is based from the world spot market prices provided by the London Metal Exchange for gold is the key indicator in determining the Company's revenue level. This quarter, the average market prices for gold sold were at US$1,526.96 per ounce compared to US$1,203.88 per ounce for the same quarter in 2010. The favorable price of gold and nickel will have a favorable impact on the Company's revenue.

3.) *Tonnes Mill and Ore Grade* - Tonnes milled and ore grade determine gold production and sales volume. The higher the tonnage and ore grade, the more gold are produced and sold. This quarter, tonnes milled were 4,364 of shared ore grading 8.21 grams per tonne gold. Gold sold were 987 ounces. For the same quarter in 2010, tonnes milled were 3,011 of shared ore grading 8.43 grams per tonne gold. Gold sold were 690 ounces.

4.) *Foreign Exchange Rate* - As the Company's sales proceeds are mainly in U.S. dollars, a higher Philippine peso to U.S. dollar exchange rate means higher peso sales but would also reflect a foreign exchange loss on the restatement of the Company's dollar obligations. Conversely, a lower exchange rate reduces the Company's revenue in pesos but brings foreign exchange income on the loans. As of June 30, 2011, the Parent Company had outstanding foreign currency borrowings amounting to about US$3.8 million. The significant depreciation of the peso will substantially increase the outstanding balances of the Company's US dollar-denominated borrowings in terms of pesos resulting in substantial net foreign exchange losses. The volatility in the foreign currency exchange rates will continue to affect the operations in the foreseeable future. As of June 30, 2011, the peso to dollar exchange rate was at ₱43.494, lower than the ₱46.310 for the same period in 2010.

5.) *Earnings Per Share* - The earnings per share reflect the Company's bottom line operating results expressed in amount per share of the Company's outstanding capital stock. Assuming a constant outstanding number of shares, as a Company's earnings increase, the earnings per share correspondingly increase. This quarter, the Company has an income of ₱0.75 per share which is a turn-around from the net loss per share of ₱0.44 for the same period in 2010. With the ongoing expansion program of ACMP to increase gold production coupled with the prevailing favorable metal price and the ongoing development of the Company's Sta. Cruz Nickel Project which has assured market for its nickel ores, the Company anticipates improvement in the earnings per share.

The Company's key performance indicator used for its subsidiaries is Net Income.

Benguet Management Corporation (BMC) and its subsidiaries reported a consolidated net loss of ₱0.5 million, significantly lower compared with last year's net loss of ₱2.2 million. BMC maintains a 280-hectare mango plantation in Iba, Zambales which is currently being offered for sale to interested parties.

PART II--OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

There are no other information for this interim period not previously reported in a report on SEC Form 17-C.

SIGNATURES

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

Issuer............................**BENGUET CORPORATION**...

By:

Signature and Title: **REYNALDO P. MENDOZA** – SVP, Legal/Asst. Corporate Secretary

Principal Financial/Accounting Officer/Controller:

Signature and Title: **RENATO A. CLARAVALL** – SVP, Chief Finance Officer

Annex "A"

2011
SECOND QUARTER REPORT
BENGUET CORPORATION
AND SUBSIDIARIES

Benguet Corporation continued to move forward with profitable operations in the second quarter of 2011. The Acupan Contract Mining Project (ACMP) again surpassed its previous year's performance with higher gold production and better gold prices. The Sta. Cruz Nickel Project (SCNP) continue to provide a steady source of revenue from where it started around the same time last year. The Irisan Lime Project (ILP) reported modest but stable income.

Consolidated Results

Consolidated net income for the second quarter of 2011 amounted to ₱121,992,000 (US$2,805,000) or ₱0.75 (US$0.017) per share, a turnaround from the net loss of ₱71,800,000 (US$1,550,000) or ₱0.44 (US$0.010) per share reported for the same quarter in 2010. For the six-month period, consolidated net income amounted to ₱580,110,000 (US$13,338,000) or ₱3.55 (US$0.082) per share, likewise a turnaround from the net loss of ₱88,300,000 (US$1,907,000) or ₱0.54 (US$0.012) per share for the same period last year.

The net operating income of ₱54.1 million before the non-cash financing charges of ₱23.0 million from the SCNP and ACMP, respectively, and the extraordinary gain of ₱549 million from the debt settlement contributed to the turnaround for the six months period. This represents the first time since 2001 that your Company registered positive operating income for a fiscal semester.

Operating revenues for the quarter amounted to ₱191,102,000 (US$4,394,000), which is 123% higher than the ₱85,800,000 (US$1,853,000) reported for the same quarter last year. Likewise, operating revenues for the six-month period, rose by 179% to ₱373,999,000 (US$8,599,000) from ₱134,300,000 (US$2,899,000) for the same period in 2010. The mining operations contributed ₱331 million in revenues mainly from SCNP (₱173 million) and ACMP (₱152 million).

Mining Operations

ACMP reported net earnings of ₱21,943,000 (US$505,000) and ₱45,754,000 (US$1,052,000) for the second quarter and first semester of 2011, higher than the ₱17,588,000 (US$380,000) and ₱30,893,000 (US$667,000) for the same periods last year, respectively. The favorable variances are mainly due to higher gold production and better metal prices. Gold sold were 987 and 2,051 ounces for this quarter and first semester versus 690 and 1,323 ounces for the same periods last year, respectively.

ACMP milled 4,364 tons of shared ore with an average grade of 8.21 grams of gold per ton this quarter, as against total tons milled of 3,011 tons at 8.43 grade for the same period last year. Milling rate for this quarter averaged 115 tons per day (tpd), 42% higher versus 90 tpd for the same period last year. ACMP's expansion programs target a 150-tpd milling rate within the last quarter of this year and 300 tpd by the last quarter of 2012.

BNMI, a wholly owned subsidiary, reported net earnings of ₱16,952,000 (US$390,000) for this quarter and ₱28,199,000 (US$648,000) for the six months of its first full year of operation. The earnings reported are mainly due to sale of nickel from its contract mining and off-take agreement with DMCI Mining Corporation (DMCI). BNMI plans to operate the remaining area of its MPSA either later this year or early next year.

On July 8, 2011, BNMI's board of directors approved a declaration of cash dividend of ₱32.00 per share from earnings per share out of audited 2010 earnings per share of ₱40.48. Payment of the dividend will be made within the third quarter of 2011. BNMI's authorized capital stock was increased to ₱2.0 billion, of which ₱1.025 billion has been paid up. A drilling program for grade control and enhancement of resource is underway. BNMI is currently undertaking research to develop a processing technology for value added nickel products. A term supply contract for up to 1.8 million metric tons of nickel ore is likewise being finalized to add to existing operation.

The Irisan Lime Project (ILP) generated net earnings of ₱2,043,000 (US$47,000) for this quarter, 29% lower than the net earnings of ₱2,858,000 (US$62,000) for the same quarter in 2010. Net earnings this year to-date of ₱5,088,000 (US$117,000) is likewise 24% lower than the net earnings of ₱6,726,000 (US$145,000) reported for the same period last year. The lower net earnings are attributable to higher operating cost, particularly the increase in price of bunker fuel by 19%. Sales volume of lime for the quarter totaled 1,856 tons, slightly higher than the 1,815 tons lime sold for the same quarter last year, while the to-date volume totaled 4,039 tons, lower than the 4,099 tons sold last year.

Exploration, Research and Development

The Balatoc Gold Resources Corporation (BGRC), a wholly-owned subsidiary of your Company and operator of the Balatoc Tailings Project (BTP), potentially the country's first large scale gold recovery project from mill tailings, recently signed contracts for detailed engineering of the project, and contracted the rehabilitation of the tailings ponds and reinforcement of the silt dam. The Mineral Processing Permit (MPP) and other government permits have been transferred from the parent company to BGRC. Financial closing is seen within 2011.

A diamond drilling exploration program was designed for a more exhaustive study of your Company's Ampucao Copper Gold Porphyry Prospect. The program will coincide with the drilling program of nearby SW Acupan Project, targeting the still open extensions of the 300-400 vein series of the Acupan Mine system. The drilling program will commence as soon as the underground drill stations have been prepared.

Land Development

For the Woodspark Rosario Subdivision, sales for this quarter totaled 6 lots with an aggregate area of 739 square meters valued at ₱1.386 million. Total lots sold and reserved to-date is 179 lots with an aggregate area of 26,809 square meters valued at ₱46.592 million. To-date, Woodspark has attained 97.17% completion of its horizontal development for Phase I, 95% for Phase 2 and 87.45% for Phase 3.

Healthcare Services

Your Company's Benguet Laboratories (BL) generated net earnings of ₱1,136,000 (US$26,000), lower than the net earnings of ₱1,380,000 (US$30,000) for the same quarter in 2010. Net earnings for the six-month period amounted to ₱2,075,000 (US$48,000), also lower than the ₱2,678,000 (US$58,000) for the same period in 2010, due to re-scheduling of services to corporate clients to the second half of 2011.

Subsidiaries

Benguet Management Corporation (BMC), a 100% owned subsidiary, and the BMC subsidiaries, reported a consolidated net loss of ₱541,000 (US$12,000) this quarter and ₱2,147,000 (US$49,000) for the six-month period of this year, lower compared with the net loss of ₱2,193,000 (US$47,000) and ₱4,534,000 (US$98,000) for the respective periods in 2010. The loss was mainly due to negative performance of its subsidiaries.

BenguetCorp International Limited (BIL), your Company's Hongkong-based and 100% owned subsidiary for international operations, still remains largely inactive. BIL's wholly-owned subsidiaries, BenguetCorp Canada Limited (BCL) in Vancouver, B.C. and BenguetCorp USA Limited (BUSA) in Nevada, U.S.A. continue to hold interests in mining properties for gold/silver in Royston Hills, Nevada, which are currently being offered for sale to interested parties.

Community Relations/Social Development & Management Programs

Your Company continues to fulfill its social development obligations through implementation of various Social Development and Management Programs (SDMP) for BGO and BNMI.

The SDMP has directly benefited residents within your Company's areas of operations as well as neighboring communities. During the quarter, BGO conducted a medical/dental mission in Barangay Ucab, and livelihood and waste management programs in Barangays Virac and Poblacion. The scholarship program continues to benefit deserving students for high school. Your Company refurbished the Multi-Purpose building and opened a fitness hub for company employees, their dependents and the community.

In BNMI, nutritional feeding and scholarship programs continue to benefit various elementary schools in different barangays, and deserving students for high school and vocational/technical training. A medical mission was conducted in Barangays Bangcol and Canaynayan. Your Company continues to maintain the roads in Barangay Bangcol (inner) and in different sitios of Barangay Guisguis.

Debt Status

During the quarter, your Company was able to retire an additional 9.83% of its unsecured bank debt, bringing the total unsecured debt that has been settled to 95.12%, or a total of 82.99% of the combined secured and unsecured debt. As of June 30, 2011, your Parent Company outstanding principal debt subject to the repayment plan amounted to ₱249 million or US$5.7 million down from ₱349 million or US$8.0 million as of March 31, 2011, and ₱477 million or US$10.9 million as of December 31, 2010.

Outlook

Your Company recorded operating income of ₱54.1 million for the semester ending June, 2011. This positive operating performance is expected to be sustained in the future. While substantial gain has been derived from transaction related activities during the past 18 months, your Company has been quietly building the foundations for generating recurring income. As seen in the foregoing discussion, we now have two stable revenue sources. We expect to add a third, in the Balatoc Tailings Project, by no later than 2013.

As previously mentioned, your Company expects to resolve with finality the debt burden that has weighed us down during the past several years. To date, the outstanding principal debt subject to the 1992 Restructuring Agreement has been reduced to ₱234 million or only 20.02% of the original principal.

Our mid-year results are a positive indication that your Company is poised to resume its role as a significant player in the industry.

Benjamin Philip G. Romualdez
Vice Chairman, President & CEO

BENGUET CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND DECEMBER 31, 2010
(In Thousands)

ANNEX 'B'

	2011	AUDITED 2010
CURRENT ASSETS		
Cash and cash equivalents	P 158,737	P 292,457
Accounts receivable - net	446,909	270,103
Loans Receivable	46,253	54,657
Inventories - net	21,730	25,477
Prepaid expenses and other current assets	39,592	36,429
Total Current Assets	713,221	679,123
Available for Sale Investments	15,203	15,365
Property, plant and equipment - net	2,798,892	2,749,501
Mining exploration and project development costs	327,068	354,332
Investment Property	166,693	166,693
Deferred charges and other assets	98,462	105,030
TOTAL ASSETS	P4,119,540	P4,070,044
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	P738,160	P670,716
Current portion of Bank Loans	986,219	1,491,428
Income Tax Payable	13,015	75,274
Total Current Liabilities	1,737,394	2,237,418
NONCURRENT LIABILITIES		
Accrued Retirement Liability	21,054	20,993
Liablility for Mine Rehabilitation	23,759	23,759
Deferred Income Tax Liabilities	913,717	944,548
Equity of Claimowners & Others	55,941	55,941
Other non-current Laibilities	28,375	32,844
Total NonCurrent Liabilities	1,042,846	1,078,085
TOTAL LIABILITIES	2,780,239	3,315,503
STOCKHOLDERS' EQUITY		
Convertible Preferred Class A - P3.44 par value		
Authorized - 19,652,912 shares		
Issued - 217,061 shares in 2011 and 2010	745	745
Common Class A - P3.00 par value		
Authorized - 120,000,000 shares, Issued - 101,661,505 shares in		
2011 & 100,935,625 in 2010	304,985	302,627
Common Class B - P3.00 par value		
Authorized - 80,000,000 shares, Issued 61,473,467 shares in		
2011 & 2010	184,420	184,420
Capital surplus	1,159,749	1,153,578
Other Components of Equity		
Revaluation Increment	1,612,989	1,612,988
Cumulative Translation Adjustment	37,553	39,286
Cost of Share-based Payment	39,612	41,790
Unrealized Gain on AFS Investment	2,170	2,139
Retained earnings (deficit)	(1,994,906)	(2,575,016)
Total capital and retained earnings	1,347,317	762,557
Less cost of treasury stock - 116,023 shares in 2011 and 2010	8,016	8,016
STOCKHOLDERS' EQUITY	1,339,301	754,541
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	4,119,540	4,070,044

ALB/LOC

BENGUET CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

FOR THE SIX MONTHS ENDED JUNE 30, 2011 (WITH COMPARATIVE DATA FOR 2010)

(In Thousands)

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2011	2010	2011	2010
OPERATING REVENUE				
Sales of mine products	P 149,691	P 53,096	309,383	85,713
Sales of merchandise and services	41,411	18,359	64,616	34,168
Royalty Income		14,381		14,381
	191,102	85,836	373,999	134,262
OPERATING COSTS AND EXPENSES				
Cost of mine products sold	35,851	9,479	67,038	20,237
Cost of merchandise and services sold	21,331	13,305	35,119	24,056
Selling and general	110,079	61,210	204,913	102,918
Taxes on revenues	4,690	1,098	6,072	1,751
	171,950	85,093	313,143	148,963
INCOME FROM OPERATIONS	19,152	743	60,857	(14,700)
OTHER INCOME (EXPENSES)				
Interest income	6,556	20	13,108	41
Foreign exchange gain (loss)	428	(45,705)	3,983	(2,637)
Interest expense	(11,818)	(40,163)	(27,035)	(79,507)
Miscellaneous - net	108,573	(1,695)	536,287	4,998
	103,740	(87,542)	526,343	(77,105)
INCOME (LOSS) BEFORE INCOME TAX	122,892	(86,799)	587,200	(91,805)
PROVISION FOR INCOME TAX	900	(15,009)	7,090	(3,510)
NET INCOME (LOSS)	121,992	(71,790)	580,110	(88,295)
RET. EARNINGS (DEFICIT) AT BEG OF PERIOD	(2,116,898)	(4,990,693)	(2,575,016)	(4,974,188)
RET. EARNINGS (DEFICIT) AT END OF PERIOD	(P 1,994,906)	(P 5,062,483)	(P 1,994,906)	(P 5,062,483)
EARNINGS (LOSS) PER SHARE	P 0.75	(P 0.44)	P 3.55	(P 0.54)

ALB/LOC

BENGUET CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2011 (WITH COMPARATIVE DATA FOR 2010)
(In Thousands)

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2011	2010	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	P 121,992	(P 71,790)	P 580,110	(P 88,295)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation, depletion and amortization	39,532	6,967	72,083	13,746
Unrealized deferred foreign exchange (gain) loss	(428)	45,705	(3,983)	2,637
Gain on Settlement of Loans Payable	(112,737)		(548,651)	
Provision for (benefit from) deferred income tax	9,253	(15,009)	7,090	(3,510)
Changes in Assets and Liabilities:				
Decrease (Increase) in:				
Accounts Receivable - net	(147,599)	(145,547)	(176,806)	(120,704)
Inventories - net	1,985	3,510	3,747	5,054
Prepaid expenses and other current assets	(4,888)	(1,088)	(3,163)	2,346
Increase (decrease) in accounts payable and accrued expenses	(367,509)	72,943	(67,444)	10,333
Net Cash Provided by (Used in) Operating Activities	(460,400)	(104,310)	(137,017)	(178,393)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property, plant and equipment - net	(78,726)	36,667	(81,019)	34,433
Mining exploration and development costs	59,210	(1,919)	27,264	(2,461)
Investments in Stocks	-	-	-	-
Increase in deferred charges and other assets	(36,086)	(82,206)	59,490	(3,068)
Net Cash Provided By (Used in) Investing Activities	(55,603)	(47,458)	5,734	28,904
CASH FLOWS FROM FINANCING ACTIVITIES				
Net availments (repayments) of long-term debt and bank loans	(3,580)	(71)	(4,616)	(160)
Proceeds from issuance of common stocks	1,445	150,000	2,178	150,000
Increase (decrease) in deferred credit and others	-	-	-	-
Net Cash Provided by (Used in) Financing Activities	(2,135)	149,929	(2,438)	149,840
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(518,138)	(1,839)	(133,720)	351
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	676,876	32,073	292,457	29,883
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P 158,737	P 30,234	P 158,737	P 30,234

ALB/LOC

BENGUET CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY (CAPITAL DEFICIENCY)
(Amounts in Millions, Except Number of Shares)

	Unaudited June 30, 2011	Unaudited June 30, 2010	Audited 2010
CAPITAL STOCK	P489	P487	P487
SUBSCRIPTION RECEIVABLE			-
CAPITAL SURPLUS	1,160	1,151	1,154
	1,649	1,638	1,641
REVALUATION INCREMENT IN LAND			
Balance at beginning of year	1,613	1,613	1,613
Increase (decrease) in revaluation increment	0	-	
Balance - End	1,613	1,613	1,613
ACCUMULATED TRANSLATION ADJUSTMENT			
Balance at beginning of year	39	42	42
Increase (decrease) in translation adjustment	(1)	-	(3)
Balance - End	38	42	39
COST OF SHARE BASED PAYMENT			
Balance at beginning of year	41	43	43
Cost of share-based payment	(1)	-	(1)
Balance - End	40	43	42
UNREALIZED GAIN ON AFS INVESTMENTS			
Balance at beginning of year	2	2	2
Unrealized gain (loss) on AFS investments	-	-	-
Balance - End	2	2	2
DEFICIT			
Balance at beginning of year	(2,575)	(4,974)	(4,974)
Net loss	580	(88)	2,399
Balance - End	(1,995)	(5,062)	(2,575)
TREASURY STOCKS - 116,023 shares	(8)	(8)	(8)
TOTAL EQUITY (CAPITAL DEFICIENCY)	1,339	(1,732)	754

BENGUET CORPORATION
EARNINGS (LOSS) PER SHARE COMPUTATION

	Six Months Ended June 30	
	2011	2010
Net Income (Loss) ('000)	Php 580,110	Php (88,295)
Number of shares for computation of:		
Basic earnings (loss) per share		
Weighted average common shares Issued	163,134,972	162,174,312
Less Treasury Stock	116,023	116,023
Weighted average common shares outstanding	163,018,949	162,058,289
Diluted earnings (loss) per share		
Weighted average common shares issued	163,134,972	162,174,312
Less treasury stock	116,023	116,023
Weighted average common shares outstanding	163,018,949	162,058,289
Basic earnings (loss) per share	Php 3.56	Php (0.54)

In second quarter 2010, dilutive loss per share is antidilutive as a result of the net loss, therefore, the basic EPS & diluted EPS are the same.

BENGUET CORPORATION & SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE
AS OF JUNE 30, 2011

TYPE OF ACCOUNTS RECEIVABLE	TOTAL	1 MONTH	2 - 3 MONTHS	4 - 6 MONTHS	7 MONTHS TO 1 YEAR	1 - 2 YEARS	3 - 5 YEARS	5 YEARS - ABOVE	PAST DUE ACCTS & ITEMS IN LITGN
a) Trade Receivables:									
1) Nickel/Chrome Sale (Export/Local)	53,362,035	-	-	3,002,704	-	11,926,796	38,432,536	-	-
2) Lime Deliveries	5,372,705	2,567,452	-	-	-	-	2,805,253	-	-
3) Merchandise & Services	48,776,210	2,843,186	2,392,476	445,796	292,886	2,076,536	11,544,848	29,180,481	-
Sub-total	107,510,950	5,410,638	2,392,476	3,448,499	292,886	14,003,332	52,782,637	29,180,481	-
Less: Allowance for Doubtful Acct.	20,433,607	-	-	-	-	-	8,064,109	12,369,498	-
Net Trade Receivable	87,077,343	5,410,638	2,392,476	3,448,499	292,886	14,003,332	44,718,528	16,810,984	-
b) Non-Trade Receivables									
1) Officers & Employees	22,942,494	1,177,764	759,225	1,151,753	920,712	5,328,960	7,536,102	6,067,978	-
2) Due from Subsidiaries	363,204,587	88,727,056	18,896,716	75,945,680	50,106,465	87,891,753	19,887,382	21,749,534	-
3) Others	183,043,314	1,245,086	1,002,089	865,890	4,123,831	34,300,523	26,427,958	115,077,937	-
Sub-total	569,190,394	91,149,907	20,658,030	77,963,323	55,151,008	127,521,237	53,851,442	142,895,449	-
Less: Allowance for Doubtful Acct.	209,358,764	-	-	15,000	-	51,030,835	52,527,614	105,785,316	-
Net Non-trade Receivable	359,831,630	91,149,907	20,658,030	77,948,323	55,151,008	76,490,402	1,323,828	37,110,133	-
Net Receivables (a + b)	446,908,973								

Note: The non-trade receivables - others include receivables under the Employee Stock Ownership Incentive Plan amounting to P58.5M.

ALB:LOC:ROB 08.03.11

ADDITIONAL DISCLOSURE TO FINANCIAL STATEMENTS OF THE COMPANY
(FOR THE SECOND QUARTER ENDED JUNE 30, 2010)

i.) The disclosure on significant accounting principles, policies, and practices are substantially the same with the disclosure made in 2010 financial statements. Additional disclosures on the significant changes of accounts and subsequent events are presented in the Management Discussion and Analysis.

ii.) During the second quarter of 2011, there were no seasonal or cyclical aspects that materially affect the operation of the Company, no substantial nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.

iii.) There were no unusual items that materially affect the Company's assets, liabilities, equity, net income or cash flows in the second quarter of 2011.

iv.) Issuances, Repurchases, Repayments of Debt and Equity Securities – For the second quarter of 2011, there were no securities sold by the Company which were not registered under the Revised Securities Act (now Securities Regulation Code (SRC)) including the sales of reacquired securities, new issues, securities issued in exchange of property, services or other securities and new securities resulting from the modification of outstanding securities.

v.) Dividends - Because of debt service requirements, and pursuant to the restrictions provided for in the Company's loan agreement with creditor banks, no dividends were declared.

vi.) Segment Information - The Company is principally engaged in mining industry. Its operating revenues as of June 30, 2011 mainly came from sales of gold to Bangko Sentral Ng Pilipinas amounting to ₱152 million and ₱173 million sales of nickel ore to China.

vii.) Subsequent Material Events - There were no material events subsequent to the end of the quarter that have been reflected in the financial statements for the period.

viii.) There were no changes in the composition of the Company, business combinations, acquisition or disposal of subsidiaries and long-term investments and no substantial changes in contingent liabilities and contingent assets from 2010.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company and its subsidiaries (Group) principal financial instruments comprise of unsecured and secured bank loans. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has financial instruments such as cash and cash equivalents, trade and other receivables and trade and other payables, which arise directly from its operations. Other financial instruments includes Available For Sale (AFS) investments.

The risk arising from the Group's financial instruments are liquidity risk, credit risk, interest rate risk and foreign currency risk. The BOD reviews and agrees policies for managing each of this risks and they are summarized below:

Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet commitments from financial instruments. The Group's objective is to maintain a balance between continuity of funding in order to continuously operate and support its exploration activities. The Group considers its available funds and its liquidity in managing its immediate financial requirements.

Summarized below is the Company's financial liabilities as of June 30, 2011:

Amounts in Million	On Demand	Within Two Months	Total
Bank Loans:			
Unsecured	₱90	₱	₱90
Secured	292	-	292
Accrued interest and penalties	604	-	604
Accrued expenses and other payables:			
Accrued expenses and others	-	738	738
Total	₱986	₱738	₱1,724

Credit Risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due. It is inherent to the business as potential losses may arise due to the failure of its customers and counterparties to fulfill their obligations on maturity dates or due to adverse market conditions.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debt is not significant.

With respect to credit risk from the other financial assets of the Group, which comprise of cash and cash equivalent and AFS investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognized third parties, there is no requirement for collateral.

The table shows the maximum exposure to credit risk for the component of the balance sheet:

Amounts in Million	As of June 30, 2011	As of December 31, 2010
Cash and cash equivalents		
Cash with banks	₱150	₱272
Cash and cash equivalents	9	20
Trade and other receivables		
Trade	87	184
Employee stock ownership plan	58	58
Others	302	86
Loans Receivable	46	55
AFS investments		
Quoted	10	10
Unquoted	5	5
Total credit risk exposure	₱667	₱690

The table below shows the credit quality by class of the financial assets based on the Group's rating:

June 2011	Neither Past Due Nor Impaired				
Amounts in Million	High Grade	Standard Grade	Past Due but not Impaired	Impaired	Total
Cash & cash equivalents					
Cash with banks	₱150	₱ -	₱ -	₱-	₱150
Short-term investments	9	-	-	-	9

Trade and other receivables					
Trade	5	2	4	76	87
Employee stock ownership plan	-	-	-	58	58
Others	90	20	131	51	302
Loans Receivable	-	46	-	-	46
AFS Investment	-	15	-	-	15
Total credit risk exposure	₱254	₱83	₱135	₱195	₱667

2010 Neither Past Due Nor Impaired

Amounts in Million	High Grade	Standard Grade	Past Due but not Impaired	Impaired	Total
Cash & cash equivalents					
Cash with banks	₱272	₱ -	₱ -	₱-	₱272
Short-term investments	20	-	-	-	20
Trade and other receivables					
Trade	2	23	159	34	218
Employee stock ownership plan	-	-	-	58	58
Others	2	69	15	61	147
Loans Receivable	-	55	-	-	55
AFS Investments	-	15	-	-	15
Total credit risk exposure	₱296	₱162	₱174	₱154	₱785

The Group has assessed the credit quality of the following financial assets.

1. Cash and cash equivalents are assessed as high grade since there are deposited in reputable banks, which have a low probability of insolvency.
2. Trade receivables, which pertain mainly to receivables from sale of chromite sand, were assessed as standard grade. These were assessed based on past collection experience and the debtor's ability to pay the receivables. Other than receivables which were fully provided with allowance, there were no history of default on the outstanding receivables as of June 30, 2011 and December 31, 2010.

Interest Rate Risk

The Group's exposure to the risk for changes in market interest rate relates primarily to its secure bank loans and unsecured bank loans with floating interest rates. As of June 30, 2011 and December 31, 2010, the Company bank loans are based on the floating rates. The Group regularly monitors their interest due to exposure from interest rates movements.

The Groups secure and unsecured bank loans are both payable on demand. Nominal interest rate vary from floating rate of 91-day Philippine Treasury Bill (Php T-Bill) rate for peso loans and 3-month London Interbank Offered Rate (LIBOR) foreign loans, plus a margin of 2.5% for unsecured loans and 3.5 % for secured loans.

Foreign Currency Risk

Foreign currency risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial statements and cash flows. The Group has transactional currency exposures. Such exposure arises from the sale of gold and beneficiated chrome ore and the purchase of certain goods and services denominated in US Dollar. All sales of gold are denominated in US Dollar. Dollar conversion of metal sales to Philippine peso is based on the prevailing exchange rate at the time of sale.

The Group's policy is to maintain foreign currency exposure within acceptable limits. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for an institution engaged in the type of business in which the Group is involved. The Group did not seek to hedge the exposure on the change in foreign exchange rates between the US Dollar and the Philippine peso. The Group does not generally believe that active currency hedging would provide long-term benefits to stockholders.

The Group's foreign currency-denominated monetary assets and liabilities as follows:

	As of June 30, 2011		December 31, 2010	
Amounts in Million	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Asset Cash	$5.6	₱244	$5.8	₱254
Liabilities Trade and other payable Secured Bank Loans	 2.8 $3.8	 122 ₱164	 2.8 $3.8	 123 ₱165

As of June 30, 2011 and December 31, 2010, the exchange rates of the Philippine peso to the US Dollar are ₱43.494 and ₱43.84, respectively.