

COVER SHEET

1 5 0 0 1 4

S. E. C. Registration Number

M A B U H A Y H O L D I N G S C O R P .

(Company's Full Name)

3 5 T H F L O O R R U F I N O

P A C I F I C T O W E R A Y A L A A V E
M A K A T I C I T Y

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

Mr. Delfin P. Angcao

817 6791

DEFINITIVE INFORMATION STATEMENT

FORM TYPE

1 2 3 1
Month Day
Fiscal Year

0 4
Month Day
Annual Meeting

Secondary License Type, If Applicable

C F D
Dept. Requiring this Doc

N/A
Amended Articles Number / Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LGU

Document ID

Cashier

STAMPS

MABUHAY HOLDINGS CORPORATION

35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City

Tel No. 750-2000 Fax No. 884-2913

June 19, 2014

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Dear Stockholder:

Please be notified that the annual meeting of the stockholders of MABUHAY HOLDINGS CORPORATION will be held on July 29, 2014, Tuesday, at 2:00 p.m. at the 33rd Floor, Tower Club, Inc., Barossa & Tuscany Rooms, Philamlife Tower, 8767 Paseo De Roxas, Makati City, with the following agenda:

1. Call to order
2. Proof of notice and certification of quorum
3. Approval of minutes of the previous meeting of the stockholders
4. Report of the Chairman and presentation of 2013 audited financial statements for approval
5. Ratification of resolutions, contracts and acts of the Board of Directors and Management
6. Amendment of the Articles of Incorporation to reflect the specific address of the principal office of the Corporation
7. Election of directors
8. Appointment of external auditors
9. Other matters
10. Adjournment

For purposes of the meeting only the stockholders of record as of June 18, 2014 are entitled to notice and to vote during the said meeting.

Registration for the said meeting starts at 1:30 p.m. For convenience in registering your attendance, please have available some form of identification, such as, driver's license, voter's ID, TIN card, SSS card or passport.

WE ARE NOT ASKING YOU FOR A PROXY. However if you send us one, the Corporate Secretary must receive the same at the office of the Corporation at 35F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, not later than July 18, 2014. Corporate stockholders should attach to the proxy their respective Board Resolutions vis-à-vis the authority of their proxies. When signing as attorney-in-fact, executor, administrator, guardian or in any representative capacity, please give full title and file papers showing your authority. Validation of proxies shall be held on July 23, 2014 at 2:00 p.m. at the office of the Corporation's stock and transfer agent, Rizal Commercial Banking Corporation, at the RCBC Plaza, 6819 Ayala Avenue, Makati City.


DELFIN P. ANGCAO
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: **MABUHAY HOLDINGS CORPORATION**
3. **PHILIPPINES**
Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number **150014**
5. BIR Tax Identification Code **000-473-206-000**
6. **35F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City** **1223**
Address of principal office Postal Code
7. Registrant's telephone number, including area code **(632) 750-2000**
8. **July 29, 2014, 2:00 p.m., at the 33rd Floor, Tower Club, Inc., Barossa & Tuscany Rooms, Philamlife Tower, 8767 Paseo De Roxas, Makati City**
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
July 4, 2014
10. In case of Proxy Solicitations: **Not Applicable**
Name of Person Filing the Statement/Solicitor: _____
Address and Telephone No.: _____
11. Securities registered pursuant to Sections 8 and 12 of the Securities Regulations 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 |
|----------------------------|------------------------------------|
| <u>COMMON STOCK</u> | <u>1,200,000,000 shares</u> |
12. 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 OF STOCK**

PART I.
INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders.

The annual stockholders' meeting of Mabuhay Holdings Corporation (the "Registrant" or the "Company") shall be on July 29, 2014, Friday, at 2:00 p.m. at the 33rd Floor, Tower Club, Inc., Barossa & Tuscany Rooms, Philamlife Tower, 8767 Paseo De Roxas, Makati City.

The mailing address of the Registrant is at 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223.

The approximate date on which this Information Statement is first to be sent or given to stockholders is on July 4, 2014.

Item 2. Dissenters' Right of Appraisal

A stockholder has the right to dissent and demand payment of the fair value of his shares: (i) in case any amendment to the Company's Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences over the outstanding shares, or of extending or shortening the term of corporate existence; (ii) in case of any sale, lease, mortgage or disposition of all or substantially all of the corporate property or assets; (iii) in case of merger or consolidation; and (iv) in case of investment of corporate funds in another corporation or business or for any purpose other than the primary purpose.

If an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who voted against the proposed action and who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

There are no matters or proposed corporate actions at this year's annual stockholders' meeting of the Company which may give rise to a possible exercise by security shareholders of their appraisal rights under the provisions of the Corporation Code of the Philippines.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No person who is or has been a director or officer of the Registrant, or a nominee for election as director, or an associate of the said persons, has any substantial interest, direct or indirect, by security holdings or otherwise in any matter to be acted upon during the meeting other than election to office.

None of the persons mentioned above has informed the Registrant in writing of any intention to oppose any action to be taken at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) The Registrant has one class of shares, subscribed and outstanding as of June 18, 2014, the Record Date:

Common shares -1,200,000,000

Of the said subscribed and outstanding shares, 332,944,100 shares or 27.75% are owned by foreigners, while 867,055,900 shares or 72.25% are owned by Philippine nationals.

- (b) Number of Votes entitled: Every stockholder entitled to vote as of the Record Date shall be entitled to one (1) vote per share of stock. Provided, however, that in the case of election of directors, every stockholder has the right to cumulate and cast his votes in accordance with Section 24 of the Corporation Code of the Philippines. Section 24 of the Corporation Code of the Philippines provides in part that a stockholder may vote such number of shares for as many persons as there are directors to be elected 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 as shown in the books of the corporation multiplied by the whole number of directors to be elected.
- (c) The Record Date is on June 18, 2014. All stockholders of record as June 18, 2014 are entitled to notice and to vote at the Annual Stockholders' Meeting.
- (d) Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

Stockholders owning more than 5% of the Registrant's shares of stocks as of June 18, 2014:

Title of Class	Name And Address Of Record Owner And Relationship With Issuer	Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	PCD Nominee Corporation* G/F MSE Building 6767Ayala Avenue, Makati City	B.A. Securities, Inc.*	Filipino	352,597,998	29.38
Common	Prokey Investment Ltd.** c/o Mabuhay Holdings Corporation: 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223	Esteban G. Peña Sy**	Filipino	351,289,763	29.27

Common	PCD Nominee Corporation* G/F MSE Building 6767 Ayala Avenue, Makati City	B.A. Securities, Inc.*	Alien	331,621,000	27.64
TOTAL				1,035,508,761	86.29

* Out of the total shares held by PCD, 60,039,106 shares classified as Filipino and 326,814,000 shares classified as alien are in the name of B.A. Securities, Inc. B.A. Securities, Inc. is the only participant under the PCD that owns 5% or more of the Company's voting stock. While in the past year, Atty. Roberto V. San Jose, the Chairman of the Meeting, and/or Ms. Esteban G. Peña Sy, President of Registrant, was appointed proxy for 389,832,000 shares in the name of B.A. Securities, Inc., Registrant is not yet aware of the identity of its new proxy, if any, entitled to vote in the forthcoming annual stockholders' meeting.

** Prokey Investment Ltd. (Prokey) is a 100% Filipino-owned company registered in the British Virgin Islands and licensed by the SEC on March 15, 2010 to operate a Representative Office in the Philippines. Mr. Esteban Peña Sy, President of the Registrant and the owner of Prokey will exercise his right to vote for these shares.

(2) Security Ownership of Management.

The following directors and officers are the direct/indirect owners of the Registrant's shares as indicated opposite their names as of June 18, 2014:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership			Citizenship	Percent of Ownership
		Shares	Amount	Nature		
Common	Roberto V. San Jose Director/Chairman of the Board	P 600	P 600	Direct	Filipino	0
Common	Esteban G. Peña Sy Director/President	353,299,813	353,299,813	Direct & Indirect	Filipino	29.44
Common	Delfin P. Angcao Corp. Secretary	691	691	Direct	Filipino	0
Common	Rodrigo B. Supena Director	50	50	Direct	Filipino	0
Common	Steven G. Virata Director	100	100	Direct	Filipino	0
Common	Wong Peng Chong Director	50	50	Direct	Malaysian	0
Common	Araceli C. Molina, VP/Treasurer and CFO	50	50	Direct	Filipino	0
Common	Ana Maria A. Katigbak-Lim Director/Asst. Corp. Secretary	50	50	Direct	Filipino	0
Common	Kong Muk Yin	50	50	Direct	HK Chinese	0
TOTAL		353,301,454	353,301,454			29.44

(3) Voting Trust Holders of 5% or more

Registrant is not aware of any person holding more than 5% of the shares of Registrant under a voting trust or similar agreement.

(4) Changes in Control

There has been no change in control of the Registrant since the beginning of its last fiscal year. Neither is Registrant aware of any arrangement which may result in a change in control of it.

Item 5. Directors and Executive Officers

- (a) The names, ages, terms of office, business experience for the last five years, directorship in other companies of the directors and executive officers of the Registrant are as follows:

Atty. Roberto V. San Jose, Director, Chairman of the Board - Mr. San Jose, 72, Filipino, was elected Chairman of the Board in 2003, or for more than 11 years now. He has been a member of the Board of Directors as early as 1991, or for more than 23 years now. He received his Bachelor of Arts degree from De La Salle University and his Law degree from the University of the Philippines. He is a member of the Philippine Bar and a Special Counsel in the Castillo Laman Tan Pantaleon & San Jose Law Offices. In addition to serving as Director and Chairman of the Board for the Company, he serves as Director, Officer and/or Corporate Secretary of Anglo Philippine Holdings Corporation, CP Equities Corporation, Atlas Resources Management Group, MAA Consultants, Inc. and several other companies. He is also the Corporate Secretary of Premiere Horizon Alliance Corporation, Marcventures Holdings, Inc., Solid Group Inc., FMF Development Corporation, Beneficial Life Insurance Co., Inc., and other client corporations of the Castillo Laman Tan Pantaleon & San Jose Law Offices.

Esteban G. Peña Sy, Director and President - Mr. Peña Sy, 66, Filipino, was elected Director and President on November 1, 2006 and has served as such for more than 7 years now. He graduated from the University of the Philippines in 1968 with a degree of A.B. Economics and completed the Program for Management Development at Harvard Business School in 1982. He is likewise the Chairman and CEO of IRC Properties, Inc., a real estate investment and holding company listed at the PSE, and a Director and President of Philippine Plaza Holdings, Inc., owner of Sofitel Philippine Plaza. His previous work experience includes management positions in the Bank of the Philippine Islands and Ayala International. He was Managing Director of AI Financial Services, Ltd. and was accredited by the Hong Kong Securities & Futures Commission as an Investment Adviser. He was also the Managing Director of Pan Asian Management Ltd., a management and investment consultancy firm based in Hong Kong, and Pan Asian Oasis Telecom Ltd. that operated joint venture factories engaged in the manufacturing of communication and fiber optic cables in China. In his earlier career, he served as a Lecturer at the University of the Philippines, Assistant Secretary General and Executive Director of the Federation of Filipino-Chinese Chambers of Commerce and Industry.

Wong Peng Chong, Director - Dato' Wong was elected director of the Company in 2009. He is a director of IRC Properties Inc. (formerly known as Interport Resources Corporation) since November 2009, and an executive director of COL Capital Limited since March 2002. Upon his graduation from the University of Malaya in 1967, he joined

the Malaysian Foreign Service and served with several Malaysian diplomatic missions overseas in various capacities. He joined the private sector in 1985 and has served in various senior management positions, including executive directorship in publicly listed companies in Hong Kong, Malaysia and the Philippines. Dato' Wong was a director and Chairman of Mulpha International Bhd. and director and Chairman of Mulpha Land Bhd.(formerly known as Mega Pascal Bhd.) from June 1997 to March 2002. He was also an executive director of ChinaVision Media Group Limited from July 2007 to December 2009 and Greenfield Chemical Holdings Limited from October 2009 to January 2010. Dato' Wong, a Malaysian citizen, is 70 years old.

Atty. Delfin P. Angcao, Corporate Secretary - He holds the position since 1995, or for more than 19 years now. He was a director from 1995 until September 2010. A partner at the Castillo Laman Tan Pantaleon & San Jose Law Offices (CLTPSJ) since the year 2000. He was a junior associate with CLTPSJ from 1995 to 1997. He climbed up to being a Senior Associate from 1997 to 2000. He was a former associate at the San Jose, Enriquez, Lacas, Santos, Borje & Vendero from 1992 to 1995. His other business experience in the last 5 years are as follows: director and/or Corporate/Asst. Corporate Secretary of various client corporations of CLTPSJ including The Manila Southwoods Golf & Country Club, Inc. and IRC Properties, Inc.. He is a member of the Integrated Bar of the Philippines and the Philippine Institute of Certified Public Accountants. Attorney Angcao, a Filipino, is 56 years old.

Atty. Ana Maria Katigbak-Lim, Director and Assistant Corporate Secretary – She holds the position of Assistant Corporate Secretary since 1999, or for more than 15 years now. She held the position of a director for seven years, or from 1999 to October 31, 2006, and then again for more than 7 years, or from June 27, 2007 up to the present. A member of the Integrated Bar of the Philippines and a graduate of Bachelor of Laws and Bachelor of Arts in Comparative Literature (Cum Laude) at the University of the Philippines, she is currently a partner at the Castillo Laman Tan Pantaleon & San Jose Law Offices. Her other business experience in the last 5 years are as follows: assistant corporate secretary of publicly-listed companies and registered membership clubs such as: Boulevard Holdings, Inc., Premier Entertainment Productions, Inc., Solid Group, Inc., The Metropolitan Club, Inc., AJO.net Holdings, Inc. and PhilWeb.Corporation. She is also a lecturer at the Thames International Business School, Philippine Campus. Atty. Katigbak, a Filipino, is 45 years old.

Kong Muk Yin, Director – He was elected director of the Company in September 2010. He is a graduate of the City University of Hong Kong with a bachelor's degree in Business Studies. He is a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants, and a Chartered Financial Analyst. He has extensive experience in corporate finance, financial management, accounting and auditing. He is currently an Executive Director of COL Capital Limited and APAC Resources Ltd. He is currently a Non-Executive Director of China Vision Media Group Ltd. He is also a Director of IRC Properties, Inc.. Mr. Kong, Chinese (Hong Kong) citizen, is 48 years old.

Rodrigo B. Supeña, Independent Director - Mr. Rodrigo B. Supeña has been elected as Independent Director of the Company since March 31, 2009, and has served as such for more than 5 years now. He is also an Independent Director of another reporting

company, IRC Properties, Inc. Mr. Supeña, a seasoned banker who previously held various key positions in Land Bank of the Philippines, Bank of the Philippine Islands and LBP Leasing Corporation, is currently the Chairman of the Board of Directors of Country Builders Bank, Taguig City. Mr. Supeña, a Filipino, is 74 years old.

Steven Gamboa Virata, Independent Director – He joined the Company in 2001 and has served as such for more than 13 years now. He is also a regular director of another reporting company, IRC Properties, Inc.. A degree holder of B.S. Architecture from the University of the Philippines, he has more than 10 years experience in the aviation industry, marketing, architecture, graphic design and production, theater industry and farm management. His other business experiences in the last 5 years are as follows: currently, he is a Director of C. Virata and Associates, ATAR-IV, Inc., Chilco Holdings Inc., and V.L. Araneta Properties, Inc. He was elected last year and is nominated this year, as an independent director. Mr. Virata, a Filipino, is 56 years old.

Messrs. Rodrigo B. Supeña and Steven G. Virata were elected as the Company's independent directors at the last annual stockholders' meeting held on August 30, 2013.

Araceli C. Molina, Corporate Treasurer/Finance Manager – She served as such since August, 2004, or for more than 9 years now. Also acts as the Financial Manager of the group; a Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants, has been for several years connected with listed companies such as Vulcan Industrial and Mining Corporation, A Brown Company, etc. Her other business experience in the last 5 years cover dealings with banks and other financial institutions, the Philippine Stock Exchange, Inc., and government agencies such as the Department of Energy, Securities and Exchange Commission and Bureau of Internal Revenue. Miss Molina, a Filipino, is 57 years old.

All the directors and executive officers named above were elected to their positions for a term of one year and to serve as such until their successors are elected and qualified. All of them are expected to be nominated for re-election during this year's annual stockholders' meeting and the organizational board meeting that will follow after said annual stockholders' meeting.

Except for the above-named directors and officers, the Registrant has no "significant employees" (as the term is defined under the SRC and its implementing rules and regulations).

(b) Independent Directors/Nomination Committee

In compliance with SRC Rule 38 which provides for the guidelines on the nomination and election of independent directors, a Nomination Committee has been created with the following as members:

- | | | |
|----------------------|---|-----------------------------|
| 1. Wong Peng Chong | - | Chairman |
| 2. Rodrigo B. Supeña | - | Independent director member |
| 3. Steven G. Virata | - | Independent director member |
| 4. Araceli C. Molina | - | Non-director member |

Under the Company's Manual of Corporate Governance, the members of the Nomination Committee shall consist of two directors, one of whom is an independent director, and one non-director who is an officer of the Company. The Nomination Committee was tasked to accept and to pre-screen nominees for election as independent directors conformably with the criteria prescribed in the said SEC Memo Circular and the Company's Code of Corporate Governance, and to prepare and to make available to the SEC and the stockholders before the stockholders' meeting a Final List of Candidates as required in the said SEC Memo Circular.

In compliance with SRC Rule 38, hereunder is the Final List of Candidates for Independent Directors of Mabuhay Holdings Corporation for the term 2014-2015 based on nominations received and pre-screened by the Nomination Committee:

Name of Candidate	Nominated By
Mr. Rodrigo B. Supeña	Mr. Esteban G. Peña Sy
Mr. Steven G. Virata	Mr. Esteban G. Peña Sy

Mr. Peña Sy, presently a stockholder and the incumbent President of Mabuhay Holdings Corporation, is not related to any of his above-mentioned nominees.

Information about said candidates as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12 are as contained in this item 5.

To comply with the Notice of the Securities and Exchange Commission (SEC) dated October 20, 2006, the independent directors shall be requested to submit to the SEC within thirty (30) days from their election their respective Certificates of Qualification as independent director in the form prescribed by the SEC.

The stockholders and the board of directors of the Company have on May 20, 2008 duly approved to amend the Company's By-Laws by inserting a new provision therein relating to the procedure on nomination and election of independent directors as required under SRC Rule 38 of the Implementing Rules and Regulations of the Securities Regulations Code. The amended By-Laws is expected to be filed with and approved by the SEC within the year 2014.

(c) Significant Employees

Aside from those listed above, the Company has no other executive officers or certain key personnel who are deemed to make significant contribution to the business.

(d) Family Relationships.

No director or officer is related to the extent of the fourth civil degree either by consanguinity or affinity.

(e) Involvement In Certain Legal Proceedings.

None of the directors and officers of the Company was involved, in the past five years up to the latest date, in any bankruptcy proceeding. Neither have they been during the same period convicted by final judgment in any criminal proceeding, nor been subject to any order, judgment or decree of competent jurisdiction, permanently enjoining, barring,

suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court or administrative body to have violated a securities or commodities law that are material to their evaluation as to their fitness for their respective positions.

The Company and its consolidated subsidiaries/affiliates are parties to various legal actions or proceedings. However, in the opinion of management, the ultimate liability, if any, resulting from these actions or proceedings, will not have a material effect on the Company's financial position.

(f) Certain Relationship and Related Transactions

During the last two (2) years, there had been no transaction or proposed transaction between the Registrant, on one hand, and its directors, nominees as director, record or beneficial shareholders, management, or members of their immediate family, on the other.

There are no related party transactions other than those presented in Note 20 of the Notes to the Consolidated Financial Statements as of December 31, 2013, a copy of which is hereto attached.

No other transaction was undertaken by the Company in which any Director or Executive Officer was involved or had a direct or indirect material interest.

Item 6. Compensation of Directors and Executive Officers

(a) Summary Compensation Table.

The annual compensation of the Company's Chief Executive Officer and three most highly compensated executive officers for the last two (2) fiscal years and the estimate for the ensuing year 2014 are as follows:

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Roberto V. San Jose Chairman of the Board				
Esteban G. Peña Sy President				
Delfin P. Angcao Corporate Secretary				
Araceli C. Molina Treasurer				
Aggregate compensation (all key officers and directors as a group)	2014 (estimated)	P4.45 million	None	None
	2013	P4.42 million	None	None
	2012	P4.4 million	None	None
<u>Note:</u> Registrant has no other executive officers except those named above.				

(b) Compensation of Directors.

Directors receiving compensation were either employed as officers of the Registrant receiving fixed monthly salary or receiving reimbursement of representation expenses incurred from time to time.

Executive officers employed by the Registrant, receiving fixed monthly salary (*see table above*) are Mr. Esteban G. Peña Sy and Ms. Araceli Canlas Molina.

(c) Employment Contracts and Termination of Employment and Change-in-Control Arrangement.

There were no employment contracts, termination of employment, or any arrangement that resulted or may result in a change of control of the Registrant.

(d) Warrants and Options Outstanding.

There are no outstanding warrants or options held by the Company's executive officers and directors as a group.

Item 7. Independent Public Accountants

(a) Audit and Audit-Related Fees

The Registrant changed its external auditors from Sison Corillo Parone & Co. in 2007, to Isla, Lipana & Co. in 2008 due to the downgrading of the former to Classification B by the SEC. Isla, Lipana & Co., with a new partner-in-charge, is expected to be recommended for re-appointment as external auditor during this year's annual stockholders' meeting.

There were no disagreements with the said Auditors with respect to accounting principles and practices, financial disclosures, or auditing scope or procedures. As in the previous years, representatives of the Registrant's auditors are expected to be present at this year's annual stockholders' meeting, available to respond to questions that may be asked by the stockholders. The said auditors will have the opportunity to make a statement if they desire to do so.

The external auditors charged the Company and its subsidiaries an aggregate amount of P1.05M for the last two (2) calendar years ending December 31, 2013 and 2012. The Company is in compliance with SRC Rule 68, Paragraph 3(b)(ix) which requires the rotation of external auditors or their signing partners, including the 2 year cooling off period requirement in case of their re-engagement.

(b) Tax Fees

There were routine professional services rendered by the external auditors for tax accounting, compliance, advice, planning and any other form of tax services in each of the last two (2) calendar years ending December 31, 2013 and 2012. The fees for these services are included in the Audit and Audit-Related Fees mentioned above.

Tax consultancy services are secured from entities other than the external auditors.

(c) All Other Fees

There were no other professional services rendered by the external auditors during the period.

(d) Company Policy on Appointment of Independent Auditor

The President, VP/Treasurer and CFO and the Audit Committee recommend to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. The Board of Directors approves the recommendation for the appointment of the external auditor subject to approval/ratification by the stockholders at the annual stockholders' meeting.

The present members of the Audit Committee of the Company are as follows:

Rodrigo B. Supeña	-	Chairman (Independent Director)
Steven G. Virata	-	(Independent Director)
Kong Muk Yin	-	Member
Ana Maria Katigbak-Lim	-	Member
Araceli C. Molina	-	Non-voting Member

D. OTHER MATTERS

Item 15. Action with Respect to Reports

- (a) Approval of the minutes of the 2013 annual stockholders' meeting
- (b) Approval of annual report of management and 2013 financial statements

Approval of the minutes of the 2013 annual stockholders' meeting will constitute a ratification of the accuracy and faithfulness of the record therein of the events that transpired during the said meeting. Among the matters taken up during the 2013 annual stockholders' meeting and reflected in the minutes thereof were the following: (a) approval of the minutes of the 2012 annual meeting; (b) approval of the 2012 management report and annual financial statements; (c) ratification of corporate acts; (d) election of directors; and (e) appointment of external auditors. This will not constitute a second approval of the same matters that were already taken up and approved during the said meeting. Approval of the annual report of management and 2013 financial statements will constitute a ratification of the Company's performance during the preceding year as contained or reflected in said annual report and financial statements.

Item 18. Other Proposed Actions

- (a) Ratification of resolutions, contracts and acts of the board of directors and management
- (b) Amendment of the Articles of Incorporation to reflect the specific address of the principal office of the Corporation
- (c) Election of directors
- (d) Appointment of external auditors

Resolutions, contracts and acts of the board of directors and management for ratification refer to those passed or undertaken by them during the year and for the day to day operations of the Company as contained or reflected in the annual report and financial statements. These included the election of officers and composition of corporate governance committees as previously disclosed to the Securities and Exchange Commission and the Philippine Stock Exchange.

The proposed amendment of the Corporation's Articles of Incorporation to reflect in Art. Third thereof the specific address of the principal office of the Corporation is for the purpose of complying with the requirements of the Securities and Exchange Commission per its Memorandum Circular No. 6 dated February 20, 2014.

Item 19. Voting Procedures

The vote required for acts requiring stockholders' approval is majority of stocks present in a quorum, unless the law provides otherwise. Thus, in the case of the proposed amendment of the Articles of Incorporation, the required vote therefor pursuant to the Corporation Code is at least 2/3 of the outstanding capital stock. In the election of directors, however, the seven (7) nominees obtaining the highest number of votes in accordance with the provisions of the Corporation Code, shall be proclaimed the directors.

Counting of votes will be done *viva voce* or by raising of hands, unless in the election of directors, a stockholder requests for balloting. Votes cast during the annual stockholders' meeting shall be counted by the Corporate Secretary.

ACCOMPANYING THIS INFORMATION STATEMENT IS A COPY OF THE NOTICE OF THE ANNUAL STOCKHOLDERS' MEETING CONTAINING THE AGENDA THEREOF, AS WELL AS A COPY OF THE REGISTRANT'S MANAGEMENT REPORT AS REQUIRED UNDER SRC RULE 20 (4), AS AMENDED.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S ANNUAL REPORT IN SEC FORM 17-A DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.

ALL REQUESTS MAY BE SENT TO THE FOLLOWING:

**Mabuhay Holdings Corporation
35/F Rufino Pacific Tower
6784 Ayala Avenue, Makati City
Attention: Ms. Araceli Canlas Molina**

SIGNATURE

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 on June 19, 2014.

MABUHAY HOLDINGS CORPORATION

Registrant

By:


DELFIN P. ANGCAO
Corporate Secretary

MABUHAY HOLDINGS CORPORATION

MANAGEMENT REPORT Pursuant To SRC Rule 20 (4)

For the 2014 Annual Stockholders' Meeting

A. AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2013 AND MARCH 31, 2014 INTERIM FINANCIAL STATEMENTS

Registrant's consolidated audited financial statements for the fiscal year ended December 31, 2013 and interim financial statements for the period ended March 31, 2014 are attached.

B. THERE WERE NO DISAGREEMENTS WITH THE ACCOUNTANTS

C. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Financial Statements of the Registrant that are incorporated to this Report by reference. Such Consolidated Financial Statements have been prepared in accordance with Philippine Financial Reporting Standards.

The Group's main focus is to support the projects of its large associate, IRC Properties, Inc. (IRC). IRC needs to secure funding of its planned residential development projects in its Binangonan Property. These projects of IRC are expected to generate significant amount of sustainable income stream and operating cash flows to the Group.

The management of the Company has plans to sell some assets and pursue the development of its investment properties as well as the real properties of its subsidiaries and affiliated companies and to enter into joint ventures if opportune.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Management, under the direction of the Board of Directors of the Group is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Group's financial performance due to the unpredictability of financial markets.

The Company's equity position is in compliance with the minimum statutory requirements applicable to public companies. Given the very limited operating activities undertaken by the Group, it does not require intensive capitalization. The Group's main objective is to ensure it has adequate capital moving forward to pursue its land disposal plans at optimum gain.

Apart from supporting IRC Properties, Inc.'s projects, the Group does not anticipate heavy requirement for working capital in 2014.

March 31, 2014

Results of Financial Operations

A comparative review of the Registrant's financial operations for the quarter ended March 31, 2014 vis-à-vis the same period last year showed the following:

Total revenues are constant at P1.56M. Total operating expenses decreased by 14% due to the decrease in Salaries and employee benefits (there was no conversion of leave benefits into cash in 2014), Depreciation, Professional fees, and Other operating expenses. Total Other income was overturned by other expenses and thus decreased by 279% mainly due to the sharp fluctuation in foreign exchange rates and decrease in gain on disposal of assets.

There is no significant element of income that did not arise from the Registrant's continuing operations. Neither is the Company's operations affected by any seasonality or cyclical trends.

Explanation to Accounts with Material Variance (March 2014 vs. December 2013)

Cash

Decrease of 74% mainly due to payment of interest on borrowings and additional loan to IRC Properties, Inc.

Financial assets at fair value through profit or loss

Increase of 19% due to increase in market value of securities.

Notes and other receivables

Increase of 4% due to additional loans to IRC Properties, Inc.

Property and equipment, net

Decrease of 6% due to depreciation.

Due to related parties

Increase of 22% due to increase in advances from IVM.

2013

Total assets of P1.6B increased by P94.1M or 6.1% mainly due to the increase in Cash arising from sale of lots in Tagaytay and Investments in associates (IRC) and Investment Properties arising from share in net income of IRC. Total liabilities likewise increased by P43.6M mainly due to the unrealized foreign exchange loss on the Company's foreign denominated loans.

Total revenues decreased by P20M or 75.5% due to decrease in Gain on fair value change in investment property. Total operating expenses increased by P2.5M or 19.4% due to increase in Professional fees, Salaries and employee benefits, Depreciation and Other operating expenses. A significant movement came from Other Income (Expenses) with a decrease of P28.2M or 35% over last year's figures. This was caused by the Foreign exchange loss of P25.6M over Foreign exchange gain last year of P19.6M, Loss on disposal of assets of P20.5M against Gain on disposal of assets last year of P21.4M, Provision for litigation claims of P21.6M, offsetted by increase in Share in net earnings of associates amounting to P83.2M.

The Company's operations are not affected by any seasonality or cyclical trends.

Explanation to Accounts with Material Variance (2013 vs. 2012)

Cash

Increase of 392% mainly due to sale of Tagaytay lots.

Financial assets at fair value through profit or loss

Decrease of 6% due unrealized fair value loss on listed securities.

Prepayments

Decrease of 27% due to decrease in prepaid taxes.

Property and equipment

Decrease of 21% mainly due to depreciation.

Investment properties

Decrease of 28% mainly due to sale of lots of Tagaytay Properties Holdings Corporation.

Borrowings

Increase of 8% due to unrealized foreign exchange loss.

Accrued payable and other liabilities

Increase of 46% due to additional provision for contingent liability of P21.6M and unrealized foreign exchange losses on accrued interest on borrowings.

Due to related parties

Decrease of 20% due to collection.

Deferred tax liability

Decrease of 26% due to the tax effect of unrealized losses on foreign exchange.

2012

Total assets of P1.5B increased by P107.15M or 7.5% mainly due to the increase in Notes and other receivables, Investments in associates (IRC) and Investment Properties; all arising from the increase in fair value of its properties including those of IRC.

Total revenues increased by P13.4M or 103.6% due to increase in Gain on fair value change in investment property. Total operating expenses increased slightly by P.07M or .6% due to increase in Salaries and employee benefits and Depreciation offsetted by decrease in Other operating expenses. A significant movement came from Other Income (Expenses) with a positive increase of P41.9M or 108.8% over last year's figures. This was caused by the increase in Foreign exchange gain and Gain on disposal of assets particularly IRC shares belonging to T&M Holdings, Inc. T& M Holdings, Inc. exercised its warrants and eventually disposed of the underlying shares.

The Company's operations is not affected by any seasonality or cyclical trends.

Explanation to Accounts with Material Variance (2012 vs. 2011)**Cash**

Decrease of 20% mainly due to payment of Accrued expenses and other payables.

Financial assets at fair value through profit or loss

Decrease of 79% due disposal of listed securities.

Notes and Other Receivables

Increase of 11% due to additional loans to IRC Properties, Inc.

Prepayments

Increase of 5% due to increase in prepaid taxes.

Investment in associates

Increase of 6% due to acquisition of IRC shares and share in its net earnings.

Property and equipment

Increase of 25% mainly due to acquisition of transportation equipment offsetted by increase in depreciation.

Investment properties

Increase of 10% due to increase in fair value.

Accrued expenses and other payables

Decrease of 6% due to payment of interest charges on borrowings.

Deferred income tax liabilities

Increase of 26% due to the tax effect of the increase in fair value of Investment properties.

Deficit

Decrease of 51% due to net income for the year.

2011

Total assets of P1.4B increased by P168.8M or 13.5% mainly due to the increase in Notes and other receivables arising from the loans granted to IRC Properties, Inc. and Dreamhauz Management and Development Corporation. To finance these loans, the Registrant in turn incurred loans from Join Capital Ltd. increasing its total liabilities by P131.9M or 27.4%.

Total revenues decreased by P12.2M or 48.6% due decrease on Gain on fair value change in investment property offsetted by the increase in Rental revenue owing to the full occupancy of the Rufino Property in 2011. Total operating expenses decreased by P1.2M or 8.6% due to decrease in Taxes and licenses, Transportation and travel, Salaries and employee benefits and Other fees.

There is no significant element of income that did not arise from the Registrant's continuing operations. Neither is the Company's operations affected by any seasonality or cyclical trends.

Material Changes in the Financial Statements (2011 vs 2010)

Cash

Decrease of P18.8M or 74.8% mainly due to granting of additional loans to IRC and Dreamhauz Management and Development Corporation and purchase of listed securities offsetted by additional borrowings.

Financial assets at fair value through profit or loss

Increase of P2.6M or 36.6% due to net acquisition of listed securities.

Notes and Other Receivables

Increase of P143.1M or 63.9% due to additional loans to IRC Properties, Inc. (IRC), an affiliate and Dreamhauz Management and Development Corporation, the joint venture partner of IRC.

Prepayments

Decrease of 9% due to decrease in prepaid taxes.

Investments in Associates

Increase of P36.6M or 4.6% due to the effect of restatement to fair value model of MHC's investment properties.

Property and equipment

Decrease of 13% due to depreciation.

Other non-current assets

Decrease of 21% due to deposits written off.

Borrowings

Increase of P114.8M or 63.4% mainly due to additional borrowings from Join Capital Limited, a Hongkong Company.

Accrued Expenses and Other Payables

Increase of P16.0M or 29.1% mainly due to increase in accrued interest charges.

Deficit

Decrease of 17% due to net income for the year.

Key Performance and Financial Soundness Indicators

Definition of Ratios

Net Profit Ratio	-	$\frac{\text{Consolidated Net Income (Loss)}}{\text{Total Revenues}}$
Return on Assets	-	$\frac{\text{Net Income}}{\text{Total Assets}}$
Return on Equity	-	$\frac{\text{Net Income}}{\text{Total Stockholders' Equity}}$

Current Ratio	-	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Acid Test	-	$\frac{\text{Cash on hand and in banks} + \text{Financial Assets at Fair Value}}{\text{Current Liabilities}}$
Debt to Equity	-	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$
Debt to Assets	-	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
Asset to Equity	-	$\frac{\text{Total Assets}}{\text{Total Equity}}$
Interest Coverage	-	$\frac{\text{Net Income Before Tax and Interest Expense}}{\text{Interest Expense}}$
Earnings (Loss) Per Share	-	$\frac{\text{Net Income Attributable to Equity Holders of Parent Co.}}{\text{Average number of Outstanding Common Shares}}$

Below are the comparative key performance indicators of the Company and its subsidiaries:

(%)	<u>March 31,</u> <u>2014</u>	<u>Dec. 31,</u> <u>2013*</u>	<u>Dec. 31,</u> <u>2012*</u>	<u>Dec. 31,</u> <u>2011*</u>
Net Profit Ratio	-nil-	779.3	311.1	284.2
Return on Assets	-nil-	3.11	5.38	2.60
Return on equity	-nil-	5.29	9.09	4.57
Current ratio	68.30	69.53	67.12	62.84
Acid test	1.41	4.34	1.14	2.61
Debt to equity	71.12	69.82	68.90	76.09
Debt to assets	41.56	41.11	40.79	43.21
Asset to equity	171.12	169.82	168.90	176.09
Interest coverage	-nil-	204.22	129.22	(3.94)
Earnings (loss) per share	.00265	.05287	.08375	.03389

*Audited

In general, there are no material known trends, demands, commitments, events, transactions, arrangements or items of, by or involving the Company that would require a disclosure pursuant to Part III (A)(2)(A)(i) to (vii) of Annex "C" of the Implementing Rules and Regulations of the Securities Regulation Code, to wit:

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

- There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons, created during the reporting period.
- No material commitments for capital expenditures had been contracted by the Registrant during the reporting period and subsequent thereof.
- There are no significant element of income or loss that did not arise from the Registrant's continuing operations.
- There are no seasonal factors that have materially affected the Financial Statements of the Registrant.

D. GENERAL NATURE AND SCOPE OF BUSINESS

Mabuhay Holdings Corporation (hereinafter "Registrant" or "MHC") was incorporated on April 6, 1988. It is a holding company principally engaged in the acquisition and disposition of investments in securities, stocks, real and personal properties, and of any kind of properties and of investments in other entities.

It was incorporated with an authorized capital of 200 million shares at a par value of P1 per share. It was listed at both the Makati and Manila stock exchanges in 1990. The Articles of Incorporation were amended in 1994 to increase the authorized capital to 4 billion shares at P1 par value per share. Currently, capital stock issued and subscribed total 1.2 billion shares, of which around P939 million have been paid out of the P1.2 billion subscriptions.

The Registrant currently holds offices at 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. Its last annual stockholders' meeting was on August 30, 2013 and the next will be on July 29, 2014.

As of December 31, 2013, the Registrant holds directly or indirectly investments in several corporations. Four of these are wholly-owned subsidiaries while the rest are investees in which MHC has sizeable claims and interests. For the past five years, operating activities of the Registrant and its subsidiaries and affiliates have been kept to the minimum. Its affiliates except for IRC Properties, Inc. have likewise experience a slowdown in growth and development.

SUBSIDIARIES AND AFFILIATES

Major investees of the Registrant are the following:

1. **T & M Holdings, Inc. (100%-owned by the Registrant)**
T & M Holdings, Inc. (T&MHI) which was registered with the Commission on November 10, 1995, is a holding company engaged in investments in real properties, marketable securities and stocks of other companies, domestic or foreign. Currently, it has a 39.05% stake in IRC Properties, Inc. (IRC).
2. **M & M Holdings Corporation (M&MHC) (100%-owned by the Registrant)**
Like T&MHI, M & M Holdings Corporation which was registered with the SEC on April 21, 1995, is a holding company engaged in the business of acquiring and disposing of interests in real and personal properties of any kind or description, marketable securities

and shares of stocks. In 1997, M&MHC disposed of its interest in Magellan Capital Holdings Corporation (MCHC).

Currently, M&MHC has no other investment left and has no substantial property except for some advances to its parent company, and a minimal amount of cash.

3. IRC Properties, Inc. (IRC) (38% owned by the Registrant directly and thru T&M Holdings, Inc.)

IRC Properties, Inc., a company listed on the Philippine Stock Exchange, was incorporated on February 24, 1975 primarily to engage in the acquisition, reclamation, development or exploitation of land, forests, minerals, oil, gas and other resources.

4. Tagaytay Properties and Holdings Corporation (TPHC) (26.04%-owned by the Registrant)

A real estate company established and registered with the SEC on April 13, 1998, TPHC owns a high potential and strategically-located land in Tagaytay City. This property was supposed to be developed into a mixed commercial and residential subdivision but such plans were postponed indefinitely as a result of changes in the zoning laws of the city. TPHC does not have any commercial activity since 1998.

5. The Taal Company, Inc. (TTCI) (29.97%-owned by the Registrant)

The Taal Company, incorporated on August 29, 1990, is a real estate company with property holdings in several parts of the Batangas province. During the year, TTCI has been inactive, as timing for real estate development has not yet fully improved. For the past seven (7) years, the company has not had any operating activity.

6. The Angeles Corporation (TAC) (38.46%-owned by the Registrant)

The Angeles Corporation is an investment company incorporated on October 14, 1994. Most of its assets are invested in shares of the Prosperity Taxi Cab Corporation (PTCC).

7. Mindanao Appreciation Corporation (MAC) (28.51%-owned by the Registrant)

Mindanao Appreciation Corporation is an investment company incorporated and registered with the SEC on November 21, 1991. Most of its assets are invested in shares of Mabuhay Holdings Corporation and The Taal Company, Inc.

FOREIGN SALES.

Not applicable.

COMPETITIVE BUSINESS CONDITION/COMPETITIVE POSITION IN THE INDUSTRY.

The competitiveness of the Registrant, given the nature of its business, is defined by the diversity of its interests. Most of the Registrant's affiliates are concentrated in the real estate business, Tagaytay Properties & Holdings Corporation, The Taal Co., Inc., Mindanao Appreciation Corporation, T & M Holdings, Inc. and IRC Properties, Inc. each hold an inventory of real properties in strategic locations such as Tagaytay City, Batangas, Cavite, and Binangonan.

The aggregate landholdings of the Registrant's investees easily run to 2,223 hectares, many of which are in prime locations. The Registrant is confident that it will play a role in delivering quality real estate developments to the Philippine economy.

DEPENDENCE ON A FEW CUSTOMERS. This disclosure is currently not applicable to the Registrant's business and concerns.

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES. The Registrant's transactions with its subsidiaries and affiliates mainly consist of the granting of advances to/from them. The Registrant exercises control and management over its investees.

NEED FOR GOVERNMENTAL APPROVAL OF PRODUCTS AND SERVICES. Aside from being regulated by the PSE and the SEC, the Registrant generally is not subject to any other specific government regulation.

EFFECT OF EXISTING OR PROBABLE GOVERNMENTAL REGULATIONS TO THE BUSINESS. This disclosure is currently not applicable to the Registrant's business and concerns.

ESTIMATE OF AMOUNT SPENT FOR RESEARCH AND DEVELOPMENT ACTIVITIES. This disclosure is currently not applicable to the Registrant's business and concerns.

COSTS AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS. This disclosure is currently not applicable to the Registrant's business and concerns.

TOTAL NUMBER OF EMPLOYEES AND NUMBER OF FULL TIME EMPLOYEES. As of December 31, 2013, the Registrant has 7 employees, all rendering administrative services. Of the Company's 7 employees, 5 render support services: 2 for accounting/bookkeeping work and 3 doing office services functions while the other 2 belong to the management and administration of the Company. There is no Collective Bargaining Agreement between the employees and the Registrant and there has been no strikes or threats of strike for the past five (5) years. Aside from the statutory benefits prescribed by the labor code, the Registrant's employees enjoy Company-sponsored health insurance.

E. DIRECTORS AND OFFICERS - *Pls. refer to SEC Form 20- IS*

F. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY

Principal Market

The Registrant's shares of common stock are being traded at the Philippine Stock Exchange. Of the authorized capital stock of four billion shares, 1.2 billion have been subscribed. As of December 31, 2013, MHC has received P195 million as deposits for future stock subscription.

Dividends

No dividend declarations were made during the two recent fiscal years of the Registrant. Aside from the accumulated deficit sustained by the company, there is no restriction that limits the ability to pay dividends on common equity.

Common Equity

The shares of MHC traded along the following bands during 2014, 2013 and 2012:

	2014		2013		2012	
	High	Low	High	Low	High	Low
First Quarter	0.67	0.59	0.64	0.395	0.72	0.42
Second Quarter			0.73	0.50	0.67	0.39
Third Quarter			0.70	0.56	0.56	0.41
Fourth Quarter			0.73	0.58	0.48	0.32

The listed price of MHC shares as of March 31, 2014 is P0.54.

Stockholders

Stockholders of record as at June 18, 2014 total to two hundred fourteen (214) in number, broken down as follows:

<u>Citizen</u>	<u>No. of shares</u>	<u>Percentage</u>	<u>No. of Holders</u>
Filipino	867,055,900	71.92	199
American	908,000	.08	7
Chinese	415,050	.04	4
Malaysian	50	-	1
Other Alien	<u>331,621,000</u>	<u>27.96</u>	<u>1</u>
Total	<u>1,200,000,000</u>	<u>100.00</u>	<u>212</u>

Top 20 Stockholders as at June 18, 2014 all holding Common Stock:

	<u>Name of Stockholder</u>	<u>No. of Shares Held</u>	<u>Percentage</u>
1.	PCD Nominee Corporation (Filipino)	352,597,998	29.27
2.	Prokey Investments Ltd.	351,289,763	29.03
3.	PCD Nominee Corporation (Other Alien)	331,621,000	27.96
4.	Guoco Securities (Phils.), Inc.	123,192,131	10.27
5.	Papa Securities Corporation	13,550,000	1.13
6.	Mindanao Appreciation Corporation	10,183,000	0.85
7.	Avesco Marketing	1,600,000	0.13
8.	Four Treasures Development Corp	1,200,000	0.10
9.	Prosperity Taxi Cab Corporation	1,000,000	0.08
10.	Yan, Lucio W.	1,000,000	0.08
11.	International Polymer Corp.	900,000	0.08
12.	Century Sports Philippines	812,000	0.07
13.	Zosa, Rolando M..	800,000	0.07
14.	Uy, Samson	700,000	0.06
15.	Guei Tay Gi	700,000	0.06
16.	Mendoza, Alberto	650,000	0.05
17.	Sy, Siliman	546,000	0.05
18.	Sickling II, Herbert William Azabu	500,000	0.04
19.	South China Holdings	432,000	0.04
20.	Dyhongpo, Carlos	400,000	0.03

There had been no sales of unregistered or exempt securities of the Registrant, or issuance of its securities constituting exempt transaction.

G. DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

The Registrant is adopting the SEC Corporate Governance Self Rating Form as a tool to evaluate the level of compliance with its Manual on Corporate Governance. In addition, the Compliance Officer reviews on a periodic basis the level of compliance of its directors, officers and employees with the leading practices and principles on good corporate governance as embodied in the Registrant's Manual and the rules and regulations that the SEC and PSE issue from time to time.

There are no material deviations on the Manual on Corporate Governance of the Company. Also, there have been no violations of the provisions of the Registrant's Manual on Corporate Governance and no director, officer or employee has been sanctioned by reason thereof.

The Company will regularly conduct a review of the Manual on Corporate Governance and will adopt appropriate changes as may be required or necessary under the circumstances to improve the corporate governance of the Company.

H. UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S ANNUAL REPORT IN SEC FORM 17- A DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.

ALL REQUESTS MAY BE SENT TO THE FOLLOWING:

Mabuhay Holdings Corporation
35/F. Rufino Pacific Tower, 6784 Ayala Avenue
Makati City 1223
Attention: Ms. Araceli Canlas Molina


MABUHAY HOLDINGS CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of MABUHAY HOLDINGS CORPORATION and Subsidiaries is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2013 and 2012, in accordance with the prescribed financial reporting framework indicated, 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.

Isla Lipana & Co., PwC (PricewaterhouseCoopers) member firm, the independent auditors appointed by the stockholders, has examined the financial statements of the company 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.


ROBERTO V. SAN JOSE
Chairman of the Board of Directors


ESTEBAN G. PEÑA SY
President


ARACELI C. MOLINA
Chief Financial Officer

SUBSCRIBED AND SWORN TO before me, a Notary Public, for and in Makati City, this APR 14 2014 day of April 2014, affiants exhibiting to me their Community Tax Certificates/Passports, as follows:

Affiant	CTC No.	Date of Issue	Place of Issue
Roberto V. San Jose	EB6079962	August 03, 2012	Manila
Esteban G. Peña Sy	EB9453889	October 25, 2013	Manila
Araceli C. Molina	EB6277353	September 06, 2012	Manila

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Series of 2014

ATTY. GENVALIO B. ORTIZ JR.
NOTARY Public City of Makati
Until December 31, 2014
IBP No. 656155-Lifetime Member
MCLE Compliance No. III-0014282
Appointment No. M-199-(2013-2014)
PTR No. 4225305 Jan. 2, 2014/Makati
Makati City Roll No. 40091
101 Urban Ave., Brgy. Pio del Pilar,
Makati City

Mabuhay Holdings Corporation and Subsidiaries

**Consolidated Financial Statements
As at December 31, 2013 and 2012 and for each of the
three years in the period ended December 31, 2013**

Independent Auditor's Report

To the Board of Directors and Shareholders of
Mabuhay Holdings Corporation and Subsidiaries
35 Floor, Rufino Pacific Tower
6784 Ayala Avenue
Makati City

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Mabuhay Holdings Corporation and its Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2013 and 2012, and the consolidated statements of total comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2013, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's 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 auditor considers 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.




Isla Lipana & Co.

Independent Auditor's Report
To the Board of Directors and Shareholders of
Mabuhay Holdings Corporation and Subsidiaries
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Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Mabuhay Holdings Corporation and its Subsidiaries as at December 31, 2013, and 2012, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2013 in accordance with Philippine Financial Reporting Standards.

Isla Lipana & Co.


Cherrylin M. Javier
Partner

CPA Cert. No. 68556

P.T.R. No. 0007703; issued on January 3, 2014 at Makati City

SEC A.N. (individual) as general auditors 0055-AR-3, Category A; effective until January 17, 2016

SEC A.N. (firm) as general auditors 0009-FR-3; effective until August 15, 2015

T.I.N. 112-071-216

BIR A.N. 08-000745-9-2013; issued on April 4, 2013; effective until April 3, 2016

BOA/PRC Registration No. 0142; effective until December 31, 2016

Makati City
April 15, 2014



Isla Lipana & Co.

Statements Required by Rule 68,
Securities Regulation Code (SRC),
As Amended on October 20, 2011

To the Board of Directors and Shareholders of
Mabuhay Holdings Corporation and Subsidiaries
35th Floor, Rufino Pacific Tower
6784 Ayala Avenue
Makati City

We have audited the consolidated financial statements of Mabuhay Holdings Corporation and its subsidiaries as at and for the year ended December 31, 2013, on which we have rendered the attached report dated April 15, 2014. The supplementary information shown in the Map of the Group of Companies within which the Reporting Entity Belongs and the Schedule of Philippine Financial Reporting Standards effective as at December 31, 2013, as additional components required by Part I, Section 4 of Rule 68 of the Securities Regulation Code, and Schedules A, B, C, D, E, F, G, and H, as required by Part II, Section 6 of Rule 68 of the Securities Regulation Code, are presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information are the responsibility of management and has been subjected to the auditing procedures applied in the audits of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 68 of the Securities Regulation Code.

Isla Lipana & Co.


Cherry M. Javier
Partner

CPA Cert. No. 68556

P.T.R. No. 0007703; issued on January 3, 2014 at Makati City

SEC A.N. (individual) as general auditors 0055-AR-3, Category A; effective until January 17, 2016

SEC A.N. (firm) as general auditors 0009-FR-3; effective until August 15, 2015

T.I.N. 112-071-216

BIR A.N. 08-000745-9-2013; issued on April 4, 2013; effective until April 3, 2016

BOA/PRC Registration No. 0142; effective until December 31, 2016

Makati City
April 15, 2014

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Mabuhay Holdings Corporation and Subsidiaries

Consolidated Statements of Financial Position
December 31, 2013, and 2012
(All amounts in Philippine Peso)

	Notes	2013	2012
ASSETS			
Current assets			
Cash	6	25,034,901	5,083,254
Financial assets at fair value through profit or loss	7	1,913,884	2,030,822
Notes and other receivables, net	8	402,716,898	408,588,498
Prepayments		1,920,205	2,647,662
Total current assets		431,585,888	418,350,236
Non-Current assets			
Investments in associate	9	1,027,775,989	884,907,853
Property and equipment, net	10	8,204,232	10,323,746
Investment properties	11	154,383,000	214,273,520
Other non-current assets		152,492	151,896
Total non-current assets		1,190,515,713	1,109,657,015
Total assets		1,622,101,601	1,528,007,251
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	12	321,062,176	298,399,038
Accounts payable and other liabilities	13	97,435,360	66,915,071
Due to related parties	19	7,488,997	9,314,664
Subscriptions payable		2,500	2,500
Deposits for future share subscriptions	14	194,695,274	194,695,274
Total current liabilities		620,684,307	569,326,547
Non-current liability			
Deferred income tax liabilities, net	17	46,241,244	53,999,848
Total liabilities		666,925,551	623,326,395
Equity			
Capital attributable to equity holders of the Parent Company	15		
Share capital		958,189,053	955,034,053
Treasury shares		(61,782,864)	(61,782,864)
Deficit		(3,481,818)	(77,701,744)
		892,924,371	815,549,445
NON-CONTROLLING INTEREST		62,251,679	89,131,411
Total equity		955,176,050	904,680,856
Total liabilities and equity		1,622,101,601	1,528,007,251

The notes on pages 1 to 36 are an integral part of these financial statements.

Mabuhay Holdings Corporation and Subsidiaries

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2013
(All amounts in Philippine Peso)

	Notes	2013	2012	2011
Revenues				
Rental	11,20	6,226,884	6,217,884	6,134,962
Gain on fair value change in investment property	11	252,480	20,226,280	6,851,360
		6,479,364	26,444,164	12,986,322
Expenses				
Salaries and employee benefits	21	3,406,943	3,336,281	3,312,051
Depreciation and amortization	10	2,153,443	1,791,504	1,423,050
Professional fees		1,535,896	1,086,876	1,086,265
Others	16	8,082,572	6,499,550	6,822,082
		15,178,854	12,714,211	12,643,448
Income (loss) from operations		(8,699,490)	13,729,953	342,874
Other income (expenses)				
Share in net earnings of associates	9	121,116,459	37,884,706	36,627,459
Finance income, net				
Interest income	8	40,941,761	43,007,771	41,597,155
Interest expense	12	(41,880,286)	(41,144,090)	(40,544,057)
Foreign exchange gain (loss), net	12	(25,586,643)	19,602,843	(18,999)
Provision for litigation claims	13	(21,609,400)	-	-
Gain (loss) on disposal of assets	9,22	(20,537,619)	21,407,065	1,296,267
Unrealized (loss) gain on securities	7	(116,938)	(213,703)	(539,515)
Others		18,432	37,943	184,083
		52,345,766	80,582,535	38,602,393
Income before income tax		43,646,276	94,312,488	38,945,267
Provision for (benefit from) income tax	17	(6,848,918)	12,051,558	2,041,900
Net income for the year		50,495,194	82,260,930	36,903,367
Other comprehensive income				
Total comprehensive income for the year		50,495,194	82,260,930	36,903,367
Basic and diluted earnings per share attributable to equity holders of the parent company				
	18	0.05287	0.08375	0.03389
Net income attributable to:				
Equity holders of the Parent Company		74,219,926	79,527,097	31,842,298
Non-controlling interest		(23,724,732)	2,733,833	5,061,069
		50,495,194	82,260,930	36,903,367
Total comprehensive income attributable to:				
Equity holders of the Parent Company		74,219,926	79,527,097	31,842,298
Non-controlling interest		(23,724,732)	2,733,833	5,061,069
		50,495,194	82,260,930	36,903,367

The notes on pages 1 to 36 are an integral part of these financial statements.

Mabuhay Holdings Corporation and Subsidiaries

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2013
(All amounts in Philippine Peso)

	Equity Holders of the Company				Total
	Share capital (Note 15)	Treasury shares (Note 15)	Deficit	Non-controlling interest	
Balances at January 1, 2011	939,484,053	(61,782,864)	(189,071,139)	81,336,509	769,966,559
Comprehensive income	-	-	31,842,298	5,061,069	36,903,367
Net income for the year	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	31,842,298	5,061,069	36,903,367
Balances at December 31, 2011	939,484,053	(61,782,864)	(157,228,841)	86,397,578	806,869,926
Comprehensive income	-	-	79,527,097	2,733,833	82,260,930
Net income for the year	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	79,527,097	2,733,833	82,260,930
Transactions with owners	15,550,000	-	-	-	15,550,000
Collection of unpaid subscriptions	-	-	-	-	-
Total transactions with owners	15,550,000	-	-	-	15,550,000
Balances at December 31, 2012	955,034,053	(61,782,864)	(77,701,744)	89,131,411	904,680,856
Comprehensive income	-	-	74,219,926	(23,724,732)	50,495,194
Net income for the year	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	74,219,926	(23,724,732)	50,495,194
Transactions with owners	3,155,000	-	-	(3,155,000)	-
Disposal of treasury shares	-	-	-	(3,155,000)	-
Total transactions with owners	3,155,000	-	-	(3,155,000)	-
Balances at December 31, 2013	958,189,053	(61,782,864)	(3,481,818)	62,251,679	955,176,050

The notes on pages 1 to 36 are an integral part of these financial statements.

Mabuhay Holdings Corporation and Subsidiaries

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2013
(All amounts in Philippine Peso)

	Notes	2013	2012	2011
Cash flows from operating activities				
Income before income tax		43,646,276	94,312,488	38,945,267
Adjustments for:				
Interest expense	12	41,880,286	41,144,090	40,544,057
Depreciation and amortization	10,11	2,153,443	1,791,504	1,423,050
Unrealized loss (gain) on securities	7	116,938	213,703	539,515
Fair value gain in investment properties	11	(252,480)	(20,226,280)	(6,851,360)
Provision for litigation claims	13,23	21,609,400	-	-
Unrealized foreign exchange (gain) loss	12	25,586,643	(19,602,843)	18,999
Loss (gain) on disposal of assets	7,22	20,537,619	(21,407,065)	(1,296,267)
Share in net earnings of associates	9	(121,116,459)	(37,884,706)	(36,627,459)
Interest income	8	(40,941,761)	(43,007,771)	(41,597,155)
Operating loss before working capital changes		(6,780,095)	(4,666,880)	(4,901,353)
Decrease (increase) in:				
Notes and other receivables	8	13,599,170	1,009,870	(117,316,681)
Other non-current assets		63,596	9,851	43,153
Prepaid expenses		(174,811)	(1,082,736)	(626,694)
Increase (decrease) in:				
Accounts payable and other liabilities		(4,525,770)	18,288,114	17,220,388
Due to related parties		(1,859,596)	(44,376)	(40,000)
Cash generated from (absorbed by) operations		322,494	13,513,843	(105,621,187)
Interest received		39,888,150	3,094,988	15,760,471
Income taxes paid		(96,438)	(1,222)	(1,187,923)
Net cash generated from (used in) operating activities		40,114,206	16,607,609	(91,048,639)
Cash flows from investing activities				
Proceeds from disposal of investment properties	22	28,500,000	-	-
Proceeds from disposal of shares of stock of associate	9	38,025,732	32,483,135	-
Net proceeds from disposal of financial asset at fair value through profit or loss	7,22	2,925,000	7,456,740	(1,843,255)
Acquisitions of property and equipment	10	(33,928)	(3,881,732)	(184,795)
Additional investment in associates	9	(47,699,077)	(27,937,440)	-
Net cash provided by (used in) investing activities		21,717,727	8,120,703	(2,028,050)
Cash flows from financing activities				
Interest paid		(41,880,286)	(41,144,090)	(40,544,057)
Collection of subscriptions receivable	15	-	15,550,000	-
Proceeds from borrowings	12	-	-	114,880,378
Payment of borrowings		-	(400,000)	(103,694)
Net cash provided by (used in) financing activities		(41,880,286)	(25,994,090)	74,232,627
Net Increase (decrease) in cash		19,951,647	(1,265,778)	(18,844,062)
CASH				
January 1		5,083,254	6,349,032	25,193,094
December 31		25,034,901	5,083,254	6,349,032

The notes on pages 1 to 36 are an integral part of these financial statements.

Mabuhay Holdings Corporation and Subsidiaries

Notes to Financial Statements

As at and for each of the three years in the period ended December 31, 2013

(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

Mabuhay Holdings Corporation (the "Company" or "Parent Company") was incorporated in the Philippines on April 6, 1988 primarily to engage in the acquisition of and disposal of investments in marketable securities, shares of stocks and real estate properties. The Parent Company is 29.3% owned by Prokey Investments Limited, a 100% Filipino-owned company registered in the British Virgin Islands and licensed by the Securities and Exchange Commission (SEC) on March 15, 2011 to operate a representative office in the Philippines. The remaining 70.7% is owned by various individuals and corporations. The Parent Company's common shares were listed in the Philippine Stock Exchange (PSE) in 1990. Other than its share listing in 1990, there were no other share offerings as at December 31, 2013.

The Company and its subsidiaries have no significant commercial operations as at December 31, 2013 and 2012. The subsidiaries' operations consist mainly of preservation and maintenance of existing investment properties (Note 2.2).

The Company's main focus is to support the ongoing property developments of its large associate, Interport Resources Corporation (IRC), in relation to the latter's agreement with a third party for the development of a portion of its property in Binangonan, Rizal. IRC owns more than 2,000 hectares of land in Binangonan, Rizal. In 2010, IRC generated P399 million through its stock rights offering.

As at December 31, 2013, IRC is actively pursuing negotiations with Wedgemore Property, a subsidiary of Ayala Land Inc., to develop a portion of its Binangonan property. To date, a total of 142 hectares are ready for immediate development.

The Company's registered office and principal place of business of the Company is at 35/F Rufino Pacific Tower, Ayala Avenue, Makati City.

The Company has 8 and 7 employees at December 31, 2013 and 2012, respectively.

The financial statements have been approved and authorized for issue by the Board of Directors on April 11, 2014. There were no material subsequent events that occurred between April 11, 2014 and April 15, 2014.

Note 2 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

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

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, investment properties and available-for-sale investments included in other non-current assets.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements as disclosed in Note 5.

Changes in accounting policies and disclosures

(a) New standards, interpretations, and amendments to publish standards

The following standards have been adopted by the Group effective January 1, 2013:

- *PAS 1 (Amendment), Financial Statement Presentation - Other Comprehensive Income* (effective July 1, 2012). The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The required change has had no effect on the separate statement of total comprehensive income in the absence of other comprehensive income item.
- *PAS 28 (Revised), Investments in Associates and Joint Ventures* (effective January 1, 2013). PAS 28 (Revised) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of PFRS 11. The required disclosures on investments in and advances to subsidiaries and associates were incorporated in Note 9. The Group is not a party to any joint ventures.

- *PFRS 10, Consolidated Financial Statements (effective January 1, 2013)*. The objective of PFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes control as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. See Note 2.2 for the impact of the adoption on the consolidated financial statements.
- *PFRS 12, Disclosures of Interests in Other Entities (effective January 1, 2013)*. This new standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The disclosures on investments in and advances to subsidiaries and associates can be found in Note 9.
- *PFRS 13, Fair Value Measurement (effective January 1, 2013)*. This new standard aims to improve consistency and reduce complexity by providing a clarified definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements, which are largely aligned with IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within PFRS. This did not have a significant impact on the financial statements. See Note 3.4 for the disclosures required by this standard.

(b) New standards, amendments and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013, and have not been applied in preparing these separate financial statements. None of these is expected to have a significant effect on the separate financial statements of the Group, except as set out below:

- *PFRS 9, Financial Instruments*. This new standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of PAS 39, Financial Instruments: Recognition and Measurement, that relate to the classification and measurement of financial instruments, and hedge accounting. PFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the PAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, part of the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. PFRS also details the changes in requirements to hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. The mandatory effective date of PFRS 9 which is for annual periods beginning January 1, 2015 has been deferred and left open pending the finalization of the impairment classification and measurement requirements. The Group has yet to assess the full impact of PFRS 9 and intends to adopt PFRS 9 upon completion of the IASB project. The Group will also consider the impact of the remaining phase of PFRS 9 when issued.

No other standards, amendments or interpretations that are effective beginning on or after January 1, 2013 are expected to have a material impact on the Group.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2013 and 2012. The subsidiaries' financial statements are prepared using the same reporting year as the Parent Company. The accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

This consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries as at December 31, 2013 and 2012:

Subsidiaries	Percentage of ownership		
	Direct	Indirect	Total
T&M Holdings, Inc. (TMHI)	100.00%	-	100.00%
M&M Holdings Corporation (MMHC)	100.00%	-	100.00%
Mindanao Appreciation Corporation (MAC)*	28.51%	13.98%	42.49%
The Angeles Corporation (TAC)	38.46%	15.02%	53.48%
The Taal Company, Inc. (TTCI)*	29.97%	14.49%	44.46%
Tagaytay Properties and Holding Corporation (TPHC)*	26.04%	-	26.04%

*With significant control or power to govern

All subsidiaries are domestic companies registered in the Philippines and are principally engaged in the business of acquiring and disposing of interests in real and personal properties of any kind or description, marketable securities and shares of stocks.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

The summarized financial information of subsidiaries with significant non-controlling interest as at and for the years ended December 31 follow:

December 31, 2013	TPHC	MAC	TTCI	TAC
	(in thousands of Pesos)			
Total current assets	22,438	16,934	8,185	2,709
Total non-current assets	118,722	35,266	23,701	-
Total assets	141,160	52,200	31,886	2,709
Total current liabilities	42,905	25,672	4,791	11,043
Total non-current liabilities	40,614	262	4,630	-
Total liabilities	83,519	25,934	9,421	11,043
Net assets (liabilities)	57,641	26,266	22,465	(8,334)
Non-controlling interest share in net assets (liabilities)	15,010	11,160	9,988	(4,457)

December 31, 2013	TPHC	MAC	TTCI	TAC
	(in thousands of Pesos)			
Income	9	1,886	127	4,261
Expenses	(37,619)	(4,204)	(973)	(52,378)
Loss before tax	(37,610)	(2,318)	(846)	(52,236)
Provision for income tax	-	(70)	-	-
Net loss	(37,610)	(2,388)	(846)	(52,236)
Other comprehensive income	-	10,220	-	-
Total comprehensive loss	(37,610)	(7,832)	(846)	(52,236)
Non-controlling interest share in comprehensive loss	(9,794)	(3,387)	(375)	(27,936)
Cash flow from:				
Operating activities	(4,412)	(162)	(18)	0.2
Investing activities	25,652	2,380	49	0.2
Financing activities	-	(2,424)	-	-
Net cash inflow (outflow)	21,240	(206)	31	0.4
December 31, 2012	TPHC	MAC	TTCI	TAC
	(in thousands of Pesos)			
Total assets	180,642	42,594	32,538	2,709
Total liabilities	85,390	24,159	9,230	10,990
Net assets (liabilities)	95,252	18,435	23,308	(8,282)
Non-controlling interest share in net assets (liabilities)	24,804	7,833	10,363	(4,429)
Income	14,163	655	49	-
Expenses	(4,217)	(2,186)	(928)	(60)
Income before tax	9,946	(1,531)	(879)	(60)
Net income (loss)	5,697	(1,723)	(880)	(60)
Other comprehensive income (loss)	(9)	(4,269)	(1)	-
Total comprehensive income (loss)	5,688	5,992	(881)	(60)
Non-controlling interest share in comprehensive income (loss)	1,481	1,082	(391)	(32)
Cash flow from:				
Operating activities	(32)	1,412	(34.5)	(0.4)
Investing activities	1	(20,499)	0.1	0.1
Financing activities	-	18,880	-	-
Net cash outflow	(31)	(207)	(34.4)	(0.3)

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses the existence of control where it does not have more than 50% of the voting power but is able to govern the financial reporting and operating policies by virtue of de facto control. De facto control may arise in circumstances where the size Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is not accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

TPHC holds interests in the companies listed above namely: (1) The Angeles Corporation, 57.69%; (2) The Taal Company, Inc., 55.64%; and (3) Mindanao Appreciation Corporation, 53.68%.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions—that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. Distributions received are treated as a reduction to the investment in the period wherein the right to receive such distribution arises. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of profit (loss) of an associate' in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognized in profit or loss.

2.3 Cash

Cash consist of cash on hand and deposits at call with banks. It is recognized in the statement of financial position at face value or nominal amount.

2.4 Financial assets

2.4.1 Classification of financial assets

The Group classifies its financial assets in the following categories: (i) at fair value through profit or loss, (ii) loans and receivables, (iii) held-to-maturity investments and (iv) available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

The Group's listed equity securities that are held for trading are classified under this category.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are then classified as non-current assets.

The Group's loans and receivable comprise cash in bank (Note 2.2), notes and other receivables and refundable deposits under other non-current assets in the statement of financial position.

(c) Held-to-maturity investments

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date which are classified as current assets.

The Group does not hold financial assets under this category.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. These are included in non-current assets unless management intends to dispose of the investment within 12 months from the reporting date.

The Group's available-for-sale investments under other non-current assets in the statement of financial position are classified under this category.

2.4.2 Initial recognition and subsequent measurement

(a) Initial recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset. Financial assets not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are recognized as expense in profit or loss.

(b) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method.

Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the statement of total comprehensive income (as "Unrealized gain (loss) on securities") in the year in which they arise. Gains and losses arising from changes in the fair value of available-for-sale securities are recognized directly in other comprehensive income (as "Net change in fair value of available-for-sale securities"), until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in equity should be recognized in profit or loss. Dividends on equity instruments are recognized in profit or loss when the Group's right to receive payment is established.

2.4.3 Derecognition of financial assets

Financial assets are derecognized when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred. If risks and rewards have not been substantially transferred, the Group performs tests of control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition.

2.4.4 Impairment of financial assets

a) Assets carried at amortized cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the asset's original effective interest rate (recoverable amount).

Impairment loss is recognized in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss.

b) Available-for-sale financial assets

For available-for-sale debt securities, the Group uses the criteria referred to above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. Generally, the Group treats 20% or more as 'significant' and greater than twelve months as 'prolonged'. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

c) Financial assets at fair value through profit and loss

In the case of equity investments classified as financial assets at fair value through profit and loss, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. Generally, the Group treats 20% or more as 'significant' and greater than 12 months as 'prolonged'. If any such evidence exists for the financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is recognized immediately in profit or loss.

2.5 Financial liabilities

2.5.1 Classification and measurement of financial liabilities

The Group classifies its financial liabilities in the following categories: financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value); and financial liabilities at amortized cost.

(a) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.

The Group does not hold financial liabilities under this category.

(b) Other liabilities at amortized cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortized cost.

The Group's borrowings (Note 2.13), accounts payable and other liabilities, due to related parties and subscriptions payable are classified under this category.

2.5.2 Initial recognition and subsequent measurement

Financial liabilities are initially recognized at fair value of the consideration received less directly attributable transaction costs. Financial liabilities at fair value through profit or loss are subsequently carried at fair value. Other liabilities are measured at amortized cost using the effective interest method.

2.5.3 Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or has expired.

2.6 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement 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.

2.7 Prepayments

Prepayments are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at the amount of cash paid, which is equal to its nominal amount. Prepayments are derecognized in the statement of financial position as these expire with the passage of time or consumed in operations.

Prepayments are included in current assets, except when the related services are expected to be received or rendered for more than twelve months after the end of the reporting period, in which case, these are classified as non-current assets.

2.8 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and amortization and impairment, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation and amortization is calculated using the straight-line method over the estimated useful lives of the related assets as follows:

Furniture and fixtures	3 to 5 years
Office equipment	5 years
Office condominium	25 years
Communication and other equipment	5 years
Building improvements	10 years
Transportation equipment	5 years

Building and leasehold improvements are amortized over the life of its assets or lease term, whichever is shorter.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost, appraisal increase and their related accumulated depreciation are removed from the accounts. Any gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in profit or loss.

2.9 Investment properties

Investment property is defined as property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business.

Investment property is subsequently carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are recorded in profit or loss as part of other income.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment. Gain or loss arising from disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset. This is recognized in the profit or loss.

Property that is being constructed or developed for future use as investment property is classified as investment property.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life, such as land, are not subject to depreciation and amortization and are tested annually for impairment. Assets that have definite useful life are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that are impaired are reviewed for possible reversal of the impairment at each reporting date.

2.11 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3- Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

(a) Financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. There are no financial instruments that fall under the Level 2 category.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. There are no financial instruments that fall under the Level 3 category.

(b) Non-financial assets or liabilities

The Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- **Market approach** - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a Group of assets and liabilities, such as a business.
- **Income approach** - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- **Cost approach** - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Level 2 fair values of have been derived using the sales comparison approach. This comparison approach considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter.

The investment properties of the Group are classified under Level 2 category. The Group has no non-financial assets or liabilities classified under Level 3 category.

2.12 Accounts payable and other liabilities

Accounts payable and other liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. These are recognized initially at fair value and subsequently measured at amortized cost using effective interest method.

2.13 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed as incurred.

2.14 Revenue and expenses recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is possible that future economic benefits will flow to the Group and specific criteria have been met for each of its activities as described below.

(a) Rental income

Rental income from operating leases (the Group is the lessor) is recognized as income on a straight-line basis over the lease term. When the Group provides incentives to its lessees, the cost of incentives are recognized over the lease term, on a straight-line basis, as a reduction of rental income.

As at December 31, 2013 and 2012, there are no incentives given to the lessees of the Company.

(b) Interest income and expense

Interest income and expense are recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

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

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss.

(c) Other income

Other income is recognized when earned. Dividend income is recognized when the right to receive payment is established.

(d) Expenses

Operating expenses are recognized when they are incurred.

2.15 Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the group the ability to control the reversal of the temporary difference not recognized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.17 Subscription payable

Subscription payable represents unpaid portion of capital stock subscriptions initially measured at fair value and subsequently measured at amortized cost using effective interest method.

2.18 Deposit for future stock contributions

Deposit for future stock contribution represents amounts received from shareholder which will be settled by way of issuance of the Parent Company's own shares on future date.

2.19 Share capital

(a) Common shares

Common shares 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.

(b) Treasury shares

Where any member of the Group purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Parent Company's equity holders.

2.20 Earnings per share

Basic earnings per share is calculated by dividing net income attributable to common shareholders by the weighted average number of common shares in issue during the year. Diluted earnings per share is computed in the same manner as basic earnings per share, however, profit attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

2.21 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

(a) The Group is the lessor

Properties leased out under operating leases are included in "Investment properties" in the statement of financial position. Rental income under operating leases is recognized in profit or loss on a straight-line basis over the period of the lease.

(b) The Group is the lessee

Leases, where a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to income on a straight-line basis over the period of the lease.

When the Group enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset or is dependent on the use of a specific asset or assets, the Group assesses whether the arrangement is, or contains, a lease. The Group does not have such arrangements.

2.22 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

2.23 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

2.24 Subsequent events (or events after the reporting date)

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Note 3 - Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Management, under the direction of the Board of Directors of the Group is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Group's financial performance due to the unpredictability of financial markets.

3.1 Market risk

(a) Foreign exchange risk

The foreign exchange risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

As at December 31, 2013, the Group's exposure to currency risk relates only to the foreign currency denominated borrowings as detailed below:

	2013		2012	
	In USD	In HKD	In USD	In HKD
Borrowings	3,685,265	25,000,000	3,685,265	25,000,000
Accrued interest	42,822	4,561,449	42,822	4,561,449
Total	3,728,087	29,561,449	3,728,087	29,561,449
Year-end exchange rates	44.4500	5.7271	41.1000	5.3144
Peso equivalent	165,713,467	169,301,375	153,224,376	157,101,365

The unrealized foreign exchange gain (loss) presented on statement of comprehensive income amounts to P25.6 million loss in 2013 (2012 - P19.6 million gain; 2011- P18,999).

The table below presents the impact of possible movements of Philippine Peso against the US dollar and Hongkong dollar, with all other variables held constant, on the Group's net income after tax. There is no impact on the Group's equity other than those already affecting net income after tax.

	Change in exchange rate	Impact on income after tax
At December 31, 2013		
US dollar	+/-4.48%	(5,190,034)
Hongkong dollar	+/-4.55%	(6,291,830)
At December 31, 2012		
US dollar	+/-5.87%	(5,394,988)
Hongkong dollar	+/-6.12%	(6,711,823)

The reasonably possible movement in foreign currency exchange rates is based on projection by the Group using five year moving average historical experience.

(b) *Price risk*

The Group's exposure on price risk is minimal and limited only to investments classified as at fair value through profit or loss (Note 7) and available-for-sale securities. Changes in market prices of these investments are not expected to impact significantly the financial position or results of operations of the Group.

(c) *Interest rate risk*

Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing financial instruments include notes receivable (Note 8) and various loans payable and borrowings (Note 12). These financial instruments are not exposed to fair value interest rate risk as they are carried at amortized cost. Likewise, these instruments are not exposed to variability in cash flows as they carry fixed interest rates.

3.2 Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation.

(a) *Maximum exposure to credit risk*

The Group's exposure to credit risk primarily relates to cash in banks and financial receivables as shown below.

2013	Fully performing	Past due but not impaired	Impaired	Allowance	Total
Cash in banks	25,019,901	-	-	-	25,019,901
Notes and other receivables, net	402,704,398	-	17,734,762	(17,734,762)	402,704,398
Refundable deposits	88,300	-	-	-	88,300
	427,812,599	-	17,734,762	(17,734,762)	427,812,599

2012	Fully performing	Past due but not impaired	Impaired	Allowance	Total
Cash in banks	5,068,254	-	-	-	5,068,254
Notes and other receivables, net	408,588,498	-	17,734,762	(17,734,762)	408,588,498
Refundable deposits	88,300	-	-	-	88,300
	413,745,052	-	17,734,762	(17,734,762)	413,745,052

(i) *Cash in bank*

The Group manages credit risk on its cash balances by depositing in banks that qualified in the criteria of the Company. Some of these criteria are stability, financial performance, industry-accepted ratings, quality, diversity and responsiveness of products and services.

As at December 31, 2013 and 2012, the Group's funds are maintained with universal banks.

(ii) Notes and other receivables

Notes receivables classified as fully performing are current and expected to be fully settled by IRC, a related party. Management believes that the existing allowance charged against the gross outstanding balance is sufficient to cover perceived credit risk given the huge potential and improving financial condition of IRC. There were no collaterals held related to notes and other receivables.

(iii) Refundable deposits

Refundable deposits are considered highly recoverable as the counterparty is assessed to have strong capacity to meet its obligation.

The Group has no financial assets that are classified as past due but not impaired at December 31, 2013 and 2012.

3.3 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. The consequence may be the failure to meet obligations to repay creditors and fulfill commitments. The Company's liquidity management process as carried out within the Company includes:

- a. day-to-day funding requirement, managed by monitoring future cash flows to ensure that requirements can be met;
- b. monitoring statement of financial position liquidity ratios against internal requirements; and
- c. assessing if additional funding from lenders or stockholders is needed.

Accordingly, each financial asset and liability is structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs.

Substantial component of expected cash inflows in 2013 and foreseeable future is the expected payments from third party notes receivables.

Expected future interest payments of the Company for the next three years is P41 million as at December 31, 2013 and 2012.

All financial assets and liabilities are classified as current as at reporting dates.

3.4 Fair value of financial assets and liabilities

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities at December 31 not presented in the statements of financial position at fair value.

	2013		2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Cash on hand and in bank	25,034,901	25,034,901	5,083,254	5,083,254
Fair value through profit or loss	1,913,884	1,913,884	2,030,822	2,030,822
Notes and other receivables	402,704,398	402,704,398	408,588,498	408,588,498
Total assets	429,653,183	429,653,183	415,702,574	415,702,574
Liabilities				
Borrowings	321,062,176	321,062,176	298,399,038	298,399,038
Accrued expenses and other payables*	97,435,360	97,435,360	66,915,071	66,915,071
Due to related parties	7,488,997	7,488,997	9,314,664	9,314,664
Subscriptions payable	2,500	2,500	2,500	2,500
Total liabilities	425,989,033	425,989,033	374,631,273	374,631,273

*except for provisions and income taxes payable

These carrying amounts approximate fair values at reporting dates due to the short-term nature of financial assets and liabilities.

3-5 Fair value hierarchy

The Group follows the fair value measurement hierarchy to disclose the fair values of its financial assets and liabilities. At December 31, 2013 and 2012, the Group's financial assets at fair value through profit or loss and investment properties are classified under Level 1 and Level 2 categories, respectively.

Note 4 - Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to support the ongoing property development plans of the Group and to maintain an optimal capital structure to reduce the cost of capital. For this purpose, capital is represented by total equity as shown in the statements of financial position, as well as deposit for future share subscriptions presented as liabilities.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's main objective is to ensure it has adequate funds moving forward to support the ongoing development plans of IRC.

As part of the reforms of the PSE to expand capital market and improve transparency among listed firms, PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Group has fully complied with this requirement.

There are no external minimum capitalization requirements imposed to the Group.

Note 5 - Critical accounting estimate and judgment

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Critical accounting estimates

(a) Estimate of fair value of investment properties (Note 11)

The following are the significant assumptions used by the independent appraiser to calculate the investment properties of the Group.

- current prices in an active market for properties of similar nature, condition or location, adjusted to reflect possible differences; and
- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

The Group's investment properties have an estimated market value of P75,000 per square meter at December 31, 2013 (2012 - P74,743).

The Group considers that it is impracticable to discuss with sufficient reliability the possible effects of sensitivities surrounding the estimation of the fair value of investment property as the major assumptions used may differ significantly. With this, it is reasonably possible, based on existing knowledge, that the outcomes within the next financial year are different from assumptions and could require a material adjustment to the carrying amount of investment property.

5.2 Critical accounting judgments

(a) Recoverability of loans and receivables (Note 8)

Allowance for impairment losses is maintained at a level considered adequate to provide for potentially uncollectible receivables. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Management's judgment is required in the estimation of the amount and timing of future cash flows when determining the required level of allowance. Such estimates are based on assumptions on a number of factors and actual results may differ, resulting in future changes to the allowance. The factors considered in the estimate of probable losses include among others, age and nature, as well as indicators of disputes, if any. The provision is recognized in profit or loss.

Management believes that the carrying amount of notes receivables at reporting dates is collectible given the ongoing development loans and prospects of IRC and other factors discussed in (c) below.

(b) Recognition of deferred income tax assets (Note 17)

Management reviews at each reporting date the carrying amounts of deferred income tax assets. The carrying amount of deferred income tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax assets can be utilized.

Management believes that the non-recognition of deferred income tax assets of P3.58 million (2012 - P2.81 million) is appropriate due to the Group's limited capacity to generate sufficient taxable income in the immediately succeeding five years given current development activities.

(c) Recoverability of investment in IRC (Note 9)

Management believes that the carrying amount of its investment in IRC is fully recoverable due to a number of factors, which include among others, the following:

- 1) IRC has 455 hectares of land held for development and capital appreciation in Binangonan Rizal. Portion of the property is currently being cleared/developed with the resulting fair value expected to generate repayment funds. Currently, the property is valued at P1,000 per square meter.
- 2) IRC is in process of constructing a residential project over a 29 hectare property under the joint development agreement with a local developer.
- 3) IRC's P399 million proceeds from stock rights offering in 2010 is being utilized to support ongoing development.
- 4) IRC is in the process of negotiating with Wedgemore Property, a subsidiary of Ayala Land Inc., to undertake a major development project.
- 5) Clearing and retitling is ongoing for the remaining large portion of the land to make it ready for future developments.
- 6) The Company has 1,500 hectares more in its landbank that is potentially a revenue stream that would allow repayment.

(d) Joint arrangements

The Company's associate enters into joint arrangements for the development of its properties. Per contractual agreements, the associate's contribution on the joint arrangements is limited only to the value of the land and any obligations related to development are on the account of the counterparty in the joint operations. The joint arrangements are not structured through a separate vehicle and classified as joint operations. The associate of the Company retains full ownership over the properties until sold.

(e) Consolidation of entities in which the Group holds less than 50%

Management consider that the group has de facto control over MAC, TICI and TPHC even though it has less than 50% of the voting rights. There is no history of other shareholders forming a group to exercise their votes collectively. Based on the absolute size of the Group's shareholding and the relative size of the other shareholdings, management have concluded that the Group has sufficiently dominant voting interest to have the power to direct the relevant activities of these entities. Consistent with PFRS 10, the entities have been fully consolidated into the Group's financial statements.

Note 6 - Cash

The account at December 31 consists of:

	2013	2012
Cash in banks	25,019,901	5,068,254
Cash on hand	15,000	15,000
	25,034,901	5,083,254

Note 7 - Financial assets at fair value through profit or loss

The account as at December 31, 2013 and 2012 consists of listed equity shares with fair value based on current bid prices in an active market (Level 1 valuation).

In 2013 and 2012, shares with a fair value of P1.04 million and P7.5 million were sold at P2.93 million and P9.9 million, respectively. Gain on disposals of financial assets at fair value through profit or loss amounts to P1.9 million (2012 - P2.4 million) (Note 22).

The changes to the carrying amounts presented in the statements of financial position as at December 31 are summarized as follows:

	2013	2012	2011
Balance at January 1	2,030,822	9,701,265	7,101,258
Disposal	-	(7,458,247)	(7,089,112)
Acquisition	-	1,507	10,228,634
Gain on fair value change	(116,938)	(213,703)	(539,515)
Balance at December 31	1,913,884	2,030,822	9,701,265

Note 8 - Notes and other receivables, net

Notes and other receivables at December 31 consist of:

	Note	2013	2012
Notes receivable		409,928,755	419,843,151
Due from related parties	19	238,536	343,191
Advances and other receivables		10,284,369	6,136,918
		420,451,660	426,323,260
Allowance for impairment losses		(17,734,762)	(17,734,762)
		402,716,898	408,588,498

Notes receivable mainly represents loans granted to IRC (Note 19) with no definite payment terms and bears annual interest rates ranging from 12% to 18%. Total interest income recognized from these loans amount to P40.53 million (2012 - P42.93 million; 2011 - P41.49 million). These loans are due and demandable at reporting dates.

Due from related parties arise from transactions with non-consolidated entities.

The loans were used by IRC for the site clearance, retitling and development costs of its vast Binangonan property.

There are no movements in allowance for impairment as at December 31, 2013 and 2012.

Note 9 - Investment in associate

Details of the account at December 31 consist of the following investments in shares of stock of IRC, which are carried at cost:

	Ownership	2013	2012	2011
Acquisition cost				
Balance at January 1	43.99%	590,055,180	575,637,344	575,637,344
Share acquisitions		47,699,077	27,937,440	-
Disposals		(25,947,400)	(13,519,604)	-
Balance at December 31	42.49%	611,806,857	590,055,180	575,637,344
Accumulated share in net income of associate				
Balance at January 1		294,852,673	256,967,967	220,340,508
Share in net earnings of associate		121,116,459	37,884,706	36,627,459
Balance, December 31	37.49%; 44%	415,969,132	294,852,673	256,967,967
Total		1,027,775,989	884,907,853	832,605,311

The Company sold a portion of its investment in associate which resulted in a gain of P12.1 million in 2013 (2012-P18.9 million gain). Proceeds from disposals of the investment amount to P38 million (2012 - P32.4 million).

There are no significant restrictions on the ability of the subsidiaries and associates to transfer cash assets, pay dividend or pay advances to the Parent Company and between subsidiaries. Since most of the subsidiaries are not operational, the Parent Company provides financial support to the Group.

The summarized financial information of IRC as at and for the years ended December 31 follow:

	2013	2012
	(in millions of Peso)	
Total current assets	1,097.80	1,025.78
Total non-current assets	1,754.92	1,348.32
Total assets	2,852.72	2,374.10
Total current liabilities	693.68	748.69
Total non-current liabilities	928.94	867.66
Total liabilities	1,622.62	1,614.35
Net assets	1,230.10	759.75
Income	631.46	155.67
Expenses	147.12	21.81
Income before tax	484.34	133.86
Provision for income tax	161.28	44.27
Net income	323.07	89.16
Other comprehensive income	-	-
Total comprehensive income	323.07	89.16
Cash flow from:		
Operating activities	(229.83)	(21.97)
Investing activities	69.95	(32.37)
Financing activities	162.79	53.12
Net cash inflow (outflow)	2.91	(1.22)

Note 10 - Property and equipment, net

Details and movements of property and equipment at December 31 follow:

	Furniture and fixtures	Office equipment	Communication and other equipment	Office condominium	Building improvements	Transportation equipment	Total
Cost							
Balances at January 1, 2012	1,662,116	1,002,047	845,643	13,746,305	3,859,242	1,451,488	22,566,841
Additions	-	87,089	-	-	-	3,794,643	3,881,732
Balances at December 31, 2012	1,662,116	1,089,136	845,643	13,746,305	3,859,242	5,246,131	26,448,573
Additions	-	33,928	-	-	-	-	33,928
Balances at December 31, 2013	1,662,116	1,123,064	845,643	13,746,305	3,859,242	5,246,131	26,482,501
Accumulated depreciation							
Balances at January 1, 2012	1,118,029	688,177	769,788	9,971,918	1,043,894	741,517	14,333,323
Depreciation and amortization	242,424	98,716	34,089	508,909	527,768	379,598	1,791,504
Balances at December 31, 2012	1,360,453	786,893	803,877	10,480,827	1,571,662	1,121,115	16,124,827
Depreciation and amortization	227,946	102,518	27,240	508,909	379,596	907,234	2,153,443
Balances at December 31, 2013	1,588,399	889,411	831,117	10,989,736	1,951,258	2,028,349	18,278,270
Net book value							
December 31, 2013	73,717	233,653	14,526	2,756,569	1,907,984	3,217,782	8,204,232
December 31, 2012	301,663	302,243	41,766	3,265,478	2,287,580	4,125,016	10,323,746

Note 11 - Investment properties

The Group's investment properties include several parcels of land and condominium units held for lease. Land includes properties of MHC, TTCI and TPHC held for appreciation purposes, including those in Tagaytay City and Batangas with a total land area of 29 hectares. The condominium units, which are located in Makati with a total floor area of 888 square meters, are being leased out to third parties.

The following amounts have been recognized in profit or loss:

	2013	2012	2011
Rental income	6,226,884	6,217,884	6,134,962
Direct operating expenses arising from investment properties that generate rental income	(1,640,965)	(1,703,469)	(3,230,214)
Direct operating expenses that did not generate rental income	(709,666)	(722,418)	(722,283)
	<u>3,876,253</u>	<u>3,791,997</u>	<u>2,182,465</u>

The changes to the carrying amounts presented in the statements of financial position as at December 31 are summarized as follows:

	2013	2012	2011
Balance at January 1	214,273,520	194,047,240	187,195,880
Disposal	(60,143,000)	-	-
Gain on fair value change	252,480	20,226,280	6,851,360
Balance at December 31	<u>154,383,000</u>	<u>214,273,520</u>	<u>194,047,240</u>

In 2013, TPHC sold an investment property with a fair value of P60 million for P24.7 million. Loss on disposals of investment property amounted to P34.5 million.

Fair value of investment property is determined on the basis of appraisal made by an external appraiser duly certified by the management. Valuation methods employed by the appraisers mainly include the market data approach (Note 2.10). As at December 31, 2013, the cumulative fair value gains amount to P180.8 million (2012 - P180.6 million).

The fair value of the Group's investment in IRC shares as at December 31, 2013 is P506 million (P1.35/share) (2012- P465 million; P1.24/share).

Note 12 - Borrowings

Borrowings at December 31 consist of short-term interest-bearing loans obtained from the following:

	2013	2012
Join Capital Limited (JCL), a related entity	278,352,034	257,752,396
Intrinsic Value Management Ltd. (Phils.) Co.(IVM), a related party	13,624,642	13,624,642
Philippine Strategic International Holdings, Inc. (PSIHI), a related party	450,000	450,000
Others	28,635,500	26,572,000
	<u>321,062,176</u>	<u>298,399,038</u>

During 2012 and 2013, the Group entered into various loan agreements JCL, a company incorporated in Hong Kong. The borrowings bear interest rates of 13.2% to 15% per annum. These borrowings are secured by the Group's investment in shares of IRC (Note 9).

All other borrowings are unsecured, bear interest rates of 10% to 18% per annum and are payable on demand.

Interest expense incurred from these borrowings amounts to P41.9 million for the year ended December 31, 2013 (2012 - P43.0 million; 2011 - P41.6 million). There was no qualifying asset in 2013 and 2012.

Foreign exchange gains (losses) arising from these borrowings amount to P25.5 million loss (2012 - P19.6 million gain; 2011 - P18,999 loss).

Note 13 - Accounts payable and other liabilities

Accounts payable and other liabilities at December 31 consists of:

	Note	2013	2012
Accrued expenses		47,794,710	39,096,813
Provisions	23	47,770,052	26,160,652
Others		1,870,598	1,657,606
		<u>97,435,360</u>	<u>66,915,071</u>

Other accrued expenses represent accruals for professional fees, utilities and other recurring expenses.

Provisions pertain to liabilities related to guarantees arising from acquisition of an asset of a previous related party which is currently under legal proceedings (Note 23).

Note 14 - Deposits for future share subscriptions

In 1997, the Company received from certain shareholders deposits on future stock subscriptions totaling P241.62 million. Movement of P46.93 million in 2008 pertains to cancellation of subscription with the amount previously received as deposits against the Company's advances to concerned shareholders. There were no movements in the account since 2009 to 2013.

It is the intention of the shareholders that these balances represent deposits for future capital subscription. However, the plan of the Company's management has been put on hold and such has been presented as liability only for the purpose of complying with Financial Reporting Bulletin No. 6 issued by SEC. The management considers issuing equities upon development of concrete plans on the improvement of the operations of the Company.

Note 15 - Equity

Share capital at December 31, 2013 and 2012 consists of:

	2013	2012
Common shares - P1 par value		
In shares		
Authorized	4,000,000,000	4,000,000,000
Subscribed	1,200,000,000	1,200,000,000
Amount		
Subscribed	1,200,000,000	1,200,000,000
Subscriptions receivable	(224,465,947)	(224,465,947)
Paid, issued and outstanding	975,534,053	975,534,053
Treasury shares	(17,345,000)	(20,500,000)
	958,189,053	955,034,053

Treasury shares represent investment of MAC to the Parent Company's shares. In 2013, MAC sold 4,000,000 shares with original cost of P1 million at P1.8 million gain. In the same year, MAC reacquired 845,000 shares. In 2012, the Company received P36.05 million from various stockholders as collection from subscriptions receivable.

Note 16 - Operating expenses

Operating expenses for the years ended December 31 consist of:

	2013	2012	2011
Transportation and travel	1,711,014	358,425	1,632,640
Taxes and licenses	1,061,093	2,323,435	1,792,151
Association dues and other fees	828,707	722,167	587,617
Communication, light and water	658,078	597,647	611,093
Representation and entertainment	39,914	36,560	13,381
Miscellaneous	3,817,695	2,461,316	2,185,200
	8,116,501	6,499,550	6,822,082

Miscellaneous account consists of payments made pertaining to meetings, subscriptions, bank charges and training expenses.

Note 17 - Income taxes

Provision for income tax for the years ended December 31 follows:

	2013	2012	2011
Current	987	1,310	1,222
Deferred	(6,849,905)	12,050,248	2,040,678
Provision for (benefit from) income tax	(6,848,918)	12,051,558	2,041,900

The reconciliations of tax on pretax income computed at the statutory income tax rates to tax expense are as follows:

	2013	2012	2011
Income before income tax	43,646,276	94,312,488	38,945,267
Tax on pretax income at 30%	13,093,883	28,293,746	11,683,580
Adjustment for income subjected to lower tax rates	6,161,286	(6,446,510)	(466,193)
Share in net earnings of associates	(36,334,938)	(11,365,412)	(10,988,238)
Unrecognized deferred income tax assets from impairment losses, NOLCO and MCIT	2,947,190	1,502,666	2,126,212
Non-taxable income	(3,664,162)	-	-
Non-deductible expenses	14,158,813	-	-
Others	(3,210,990)	67,068	(313,461)
	(6,848,918)	12,051,558	2,041,900

The Company incurred NOLCO as at December 31, 2013 amounting to P9.8 million (2012 - P5.0 million; 2011 - P7.0 million). The related deferred income tax asset of P6.6 million (2012 - P4.7 million) was not recognized since the probability that those benefits would be utilized through future taxable profits is not certain.

The breakdown of NOLCO are as follows:

Year	Valid Until	2013	2012
2013	2016	9,820,722	-
2012	2015	5,005,611	5,005,611
2011	2014	7,083,301	7,083,301
2010	2013	3,816,434	3,816,434
2009	2012	-	2,100,283
		25,726,068	18,005,629
Expired		(3,816,434)	(2,100,283)
		21,909,634	15,905,346
Deferred income tax asset not recognized at 30%		6,572,890	4,771,604

The Company is liable to MCIT equivalent to 2% of gross income, as defined in the tax regulations. The details of the Company's MCIT which can be claimed as deduction against future corporate income tax due are as follows:

Year	Valid Until	2013	2012
2013	2016	903,242	-
2012	2015	949,774	949,774
2011	2014	889,716	889,716
2010	2013	630,829	630,829
2009	2012	-	763,337
		3,373,561	3,233,656
Expired		(630,829)	(763,337)
		2,742,732	2,470,319

During the year, management, because of better operating prospects, believes that they will realize the benefit of its MCIT prior to its expiration, as such, the Parent Company recognized an asset relating to MCIT amounting to P2,739,554 (2012 - P2,466,896) shown under net deferred tax liabilities.

The unrecognized MCIT pertains to those subsidiaries which did not recognize MCIT in their stand-alone financial statements.

The net deferred income tax liabilities (assets) as at December 31 consist of:

	2013	2012
Unrealized foreign exchange gain	(5,272,685)	2,289,005
Fair value gain on investment property	54,253,483	54,177,739
MCIT	(2,739,554)	(2,466,896)
	46,241,244	53,999,848

The deferred income tax liability on unrealized foreign exchange gain is recoverable within 12 months from reporting date. The deferred income tax liability on fair value gain on investment property, on the other hand, is recoverable beyond 12 months from reporting date.

All movements in deferred income tax liability are charged to profit or loss.

Deferred income tax assets are recognized to the extent that the realization of the related tax benefit through the future taxable profits is probable.

Note 18 - Basic and diluted earnings per share

The computation of basic earnings per share for the years ended December 31 follows:

	2013	2012	2011
Net income attributable to the equity holders of the Parent Company	50,495,194	79,527,097	31,842,298
Divided by the average number of outstanding common shares	955,034,053	949,623,505	939,484,053
Basic earnings per share	0.05287	0.08375	0.03389

Basic and diluted earnings per share are the same due to the absence of dilutive potential common shares.

Note 10 - Related party transactions and balances

The table below summarizes the Group's transactions and balances with its related parties.

	2013		Terms and conditions
	Transactions	Outstanding balances	
Notes and other receivables Associate (IRC)	-	224,869,900	Unsecured, interest bearing receivables ranging from 12% to 18% and collectible on demand.
Interest income from notes receivable Associate (IRC)	38,818,146	166,606,916	Represents accrued interest on receivables that bear interests ranging from 12% to 18%.
Borrowings from Entities under common control (IVM, TTCL, PSIH)	-	14,443,900	Unsecured, non-interest bearing and payable in cash on demand.
Advances from Other related parties	-	85,706	Unsecured, non-interest bearing and payable on demand.
Salaries and employee benefits Key management personnel	2,626,233	491,988	Payable on demand. As of date, outstanding balance remains unpaid.
	2012		Terms and conditions
	Transactions	Outstanding balances	
Notes and other receivables Associate (IRC)	-	224,869,900	Unsecured, interest bearing receivables ranging from 12% to 18% and collectible on demand.
Interest income from notes receivable Associate (IRC)	39,948,115	165,446,627	Represents accrued interest on receivables that bear interests ranging from 12% to 18%.
Borrowings from Entities under common control (IVM, TTCL, PSIH)	-	14,443,900	Unsecured, non-interest bearing and payable in cash on demand.
Advances from Other related parties	-	85,706	Unsecured, non-interest bearing and payable on demand.
Salaries and employee benefits Key management personnel	2,022,536	495,550	Payable on demand. As of date, outstanding balance remains unpaid.

Intercompany loans eliminated in 2013 amounts to P710,975,998 (2012 - P704,980,317).

Note 20 - Leases

In 2009, the Company occupied a portion of its investment in condominium units and converted it into an office space. The portion which is owner-occupied is properly reclassified as property and equipment (Note 10). The remaining portion is leased to other parties at terms ranging from 1 to 3 years. Rental income from investment in condominium units amounts to P6.23 million, P6.21 million and P6.13 million in 2013, 2012 and 2011, respectively.

As at December 31, 2013, 2012 and 2011, the minimum aggregate rental receivables for future years are as follows:

	2013	2012	2011
Within one year	6,226,884	6,217,884	6,134,962
After one year but not more than five years	29,393,044	31,134,422	31,122,422
	35,619,928	37,352,306	37,257,384

Note 21 - Salaries and employee benefits

The balance of employee benefits at December 31 consists of:

	2013	2012	2011
Salaries and wages	2,626,233	2,643,031	2,584,509
Bonus and allowances	130,227	127,850	118,320
SSS, Philhealth and HDMF	104,778	107,011	102,500
Others	545,705	458,389	506,722
	3,406,943	3,336,281	3,312,051

The total compensation of the Group's executive officers for the years ended December 31, 2013, 2012 and 2011 amounted to P2.63 million, P2.02 million and P2.07 million, respectively (Note 19).

As at December 31, 2013, the Group has less than 10 employees. Consequently, it is not required to comply with minimum retirement benefit under R.A. 7641.

Note 22 - Gain on disposal of assets

The account includes gains resulting from the sale of the following assets:

	Notes	2013	2012	2011
Investment property	11	(34,500,950)	-	-
Investment in associates	9	12,078,331	18,963,531	-
Financial asset at fair value through profit or loss	7	1,885,000	2,443,534	1,296,267
		(20,537,619)	21,407,065	1,296,267

Note 23 - Contingencies

In the normal course of business, the Group is a defendant of a case which is pending with the Court of Appeals. The case arose from a demand for payment of minimum guaranteed return on investment by corporation which was formerly a co-shareholder of the Parent Company. Details of this pending case follow:

The plaintiff (one of the co-shareholders) violated a number of the terms as stipulated under the agreement, including a direct purchase of the shares of the other shareholder without the consent of the Group. The agreement also contains a provision about guaranteed return.

In 1999, the plaintiff demanded full payment of the guaranteed return on its investment after audits of the fast craft business revealed a significant amount of loss, which demand was denied by the Group.

After divergent decisions by the arbitrator and regional trial court, the case was transferred to Court of Appeals for further proceedings. In 2013, a final decision has been rendered by the Court of Appeals, instructing the Company to pay the agreed guaranteed returns and arbitration costs including 12% interest calculated from the date of initial ruling amounting to P47,770,052 as shown in the statement of financial position under accounts payable and other liabilities (Note 13).

Mabuhay Holdings Corporation and Subsidiaries
Schedule of Philippine Financial Reporting Standards
effective as at December 31, 2013

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		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)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		

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

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Revised)	Separate Financial Statements	✓		
	Amendments to PAS 27: Consolidation for Investment Entities	✓		
PAS 28 (Revised)	Investments in Associates and Joint Ventures	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32 (Revised)	Financial Instruments: 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	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures	✓		
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 Intra-group Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives			✓
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 11	PFRS 2 - Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretation IFRIC-14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Philippine Interpretation IFRIC-15, Agreement for the Construction of Real Estate			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Philippine Interpretation IFRIC-21, Levies			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS			Not Adopted	Not Applicable
SIC-32	Intangible Assets - Web Site Costs			✓

The standards and interpretations that are labeled as "Not Applicable" are already effective as at December 31, 2013 but will never be relevant/applicable to the Company or are currently not relevant to the Company because it has currently no related transactions.

The standards, amendments and interpretations that have been issued but are not yet effective as at December 31, 2013 are marked as "Not Adopted".

COVER SHEET

0 0 0 0 1 5 0 0 1 4
 SEC Registration Number

M A B U H A Y H O L D I N G S C O R P O R A T I O N

 (Company's Full Name)

3 5 / F R U F I N O P A C I F I C T O W E R
6 7 8 4 A Y A L A A V E N U E
M A K A T I C I T Y
 (Business Address: No., Street City / Town / Province)

ARACELI C. MOLINA
 Contact Person
1 2 3 1
 Month Day
 Fiscal Year

750-2000
 Company Telephone Number
0 5
 Month Day
 Annual Meeting

S E C 17-Q
 FORM TYPE

n/a

Secondary License Type, If Applicable

 Dept Requiring this Doc

 Amended Articles Number / Section

 Total No. of Stockholders

Total Amount of Borrowings

 Domestic	 Foreign
---	--

To be accomplished by SEC Personnel concerned

 File Number

_____ LCU

 Document ID

_____ Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q (AMENDED)**

**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, 2014**
2. Commission Identification Number: **150014**
3. BIR Tax Identification Number: **050-000-473-206**
4. Exact Name of issuer as specified in its charter: **MABUHAY HOLDINGS CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**
6. Industry Classification Code: _____ (SEC Use Only)
7. Address of Principal Office: **35/F Rufino Pacific Tower, Ayala Avenue, Makati City**
8. Issuer's Telephone Number, Including Area Code: **(632) 750-2000**
9. Former Name, former address, former fiscal year, if changed from last report:
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Common shares	1,200,000,000
----------------------	----------------------

11. Are any or all of these securities are listed on the Philippine Stock Exchange.

Yes [/] No []

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

Philippine Stock Exchange Common stock

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 to 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports)

Yes [/] No []

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

Yes [/] No []

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MABUHAY
HOLDINGS CORPORATION

PART I – ITEM 1 - FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2014 AND DECEMBER 31, 2013
(All amounts in Philippine Peso)

	Notes	Mar 31, 2014*	Dec 31, 2013**
<u>ASSETS</u>			
CURRENT ASSETS			
Cash on hand and in banks	6	6,544,259	25,034,901
Financial assets at fair value through profit or loss	7	2,282,045	1,913,884
Notes and other receivables	8	417,912,925	402,716,898
Prepayments		1,871,936	1,920,205
Total current assets		428,611,165	431,585,888
NON-CURRENT ASSETS			
Investments in associates - net	9	1,030,409,889	1,027,775,989
Property and equipment - net	10	7,708,048	8,204,232
Investment properties - net	11	154,383,000	154,383,000
Other non-current assets		152,492	152,492
Total non-current assets		1,192,653,429	1,190,515,713
Total assets		1,621,264,594	1,622,101,601
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Borrowings	12	324,550,545	321,062,176
Accrued expenses and other payables	13	99,163,022	97,435,360
Due to related parties	18	9,146,145	7,488,997
Subscriptions payable		2,500	2,500
Deposits on future shares subscriptions	14	194,695,274	194,695,274
Total current liabilities		627,557,486	620,684,307
NON-CURRENT LIABILITY			
Deferred income tax liabilities, net		46,241,244	46,241,244
Total liabilities		673,798,730	666,925,551
EQUITY			
Capital attributable to Parent Company's equity holders	15		
Share capital		958,189,053	958,189,053
Treasury shares		(61,782,864)	(61,782,864)
Retained earnings (deficit)		(947,493)	(3,481,818)
Non-controlling interest		895,458,696	892,924,371
Total equity		947,465,864	955,176,050
Total liabilities and equity		1,621,264,594	1,622,101,601

* Unaudited

** Audited

MABUHAY
HOLDINGS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIOD ENDED MARCH 31, 2014 AND 2013
(All amounts in Philippine Peso)

	Note	Unaudited Quarter Ending Jan 1 – March 31	
		2014	2013
REVENUES			
Rental	19	1,556,721	1,556,721
EXPENSES			
Salaries and employee benefits	20	739,802	871,942
Depreciation		506,898	545,625
Professional fees		426,000	455,191
Others	16	1,999,522	2,410,157
		3,672,222	4,282,915
LOSS FROM OPERATIONS		(2,115,501)	(2,726,194)
OTHER INCOME (EXPENSES)			
Finance income, net		(502,399)	427,037
Fair value losses			
Share in net earnings (losses) of associates	9	(1,604,560)	(899,734)
Foreign exchange gains (losses)		(4,003,888)	1,318,452
Gain (loss) on disposal of assets	21	0	2,133,511
Unrealized gain (loss) on securities		368,160	226,313
Others		6,048	1,112
		(5,736,637)	3,206,691
INCOME (LOSS) BEFORE INCOME TAX		(7,852,139)	480,497
PROVISION FOR INCOME TAX		(141,953)	
NET INCOME (LOSS)		(7,710,186)	480,497
OTHER COMPREHENSIVE INCOME			
TOTAL COMPREHENSIVE INCOME		(7,710,186)	480,497
NET INCOME/TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equityholders of the Parent Company		2,534,325	(6,626,874)
Non-controlling interest		(10,244,511)	7,107,371
Earnings (loss) per share - basic and diluted	17	.00265	-

MABUHAY
HOLDINGS CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2014 AND 2013
(All amounts in Philippine Peso)
Unaudited

	Equity Holders of the Company				Total
	Share capital (Note 15)	Treasury shares (Note 15)	Deficit	Non-controlling interest	
Audited Balances at December 31, 2012	955,034,053	(61,782,864)	(77,701,744)	89,131,411	904,680,856
Comprehensive loss					
Net income (loss) for the period	-	-	(6,626,874)	7,107,371	480,497
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	(6,626,874)	7,107,371	480,497
Balances at March 31, 2013	955,034,053	(61,782,864)	(84,328,618)	96,238,782	905,161,354
Audited Balances at December 31, 2013	958,189,053	(61,782,864)	(3,481,818)	62,251,679	955,176,050
Comprehensive loss					
Net income (loss) for the period	-	-	2,534,325	(10,244,511)	(7,710,186)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	2,534,325	(10,244,511)	(7,710,186)
Unaudited Balances at March 31, 2014	958,189,053	(61,782,864)	(947,493)	52,007,168	947,465,864

MABUHAY
HOLDINGS CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2014 AND 2013
(All amounts in Philippine Peso)

	Notes	Mar 31, 2014	Mar 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before tax		(7,852,139)	480,498
Adjustments for:			
Share in net losses (earnings) of associates	9	1,604,560	899,734
Unrealized loss (gain) on securities		(368,160)	(226,313)
Depreciation		506,898	545,625
Unrealized foreign exchange loss (gain)		4,003,888	(1,324,087)
Interest expense		(21,714,571)	4,757,399
Interest income		29,029,521	(9,291,061)
Loss (gain) on sale of assets	21		(2,133,512)
Operating profit (loss) before working capital changes		5,209,996	(6,291,717)
Decrease (increase) in:			
Notes and other receivables		(4,810,694)	6,327,404
Prepaid expenses		48,269	173,717
Other non-current assets			(12,321)
Increase (decrease) in:			
Accrued expenses and other payables		(9,033,365)	(3,892,845)
Due to related parties		1,657,148	(1,416)
Cash used in operating activities		(6,928,647)	(3,697,178)
Interest received		(39,414,853)	(1,100,458)
Income taxes paid		141,953	
Net cash generated from (used in) operating activities		(46,201,546)	(4,797,636)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment		(10,715)	
Acquisition of securities		(4,238,460)	(2,160,000)
Proceeds from disposal of investments, net of acquisition			5,934,912
NET CASH PROVIDED BY INVESTING ACTIVITIES		(4,249,174)	3,774,912
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings			
Collection of subscriptions receivables			
Interest paid		31,960,078	4,621,480
NET CASH PROVIDED BY FINANCING ACTIVITIES		31,960,078	4,621,480
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS		(18,490,642)	3,598,756
CASH ON HAND AND IN BANKS			
January 1		25,034,901	5,083,254
March 31		6,544,259	8,682,010

MABUHAY
HOLDINGS CORPORATION

**CONSOLIDATED AGING OF NOTES AND OTHER RECEIVABLES
AS OF MARCH 31, 2014**

	TOTAL	1-30 DAYS	31-60 DAYS	OVER 61 DAYS
IRC Properties, Inc.	416,166,396	3,342,674	3,019,189	409,804,533
Sta. Mesa Heights Holdings Corp.	574,872			574,872
Carag Zaballero San Pablo	500,000			500,000
Castillo Laman Tan Pantaleon	140,000			140,000
Others	531,657			531,657
Totals	417,912,925	3,342,674	3,019,189	411,551,062

Mabuhay Holdings Corporation and Subsidiaries

Notes to Financial Statements

(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

Mabuhay Holdings Corporation (the "Company" or "Parent Company") was incorporated in the Philippines on April 6, 1988 primarily to engage in the acquisition of and disposal of investments in marketable securities, shares of stocks and real estate properties. The Parent Company is 29.3% owned by Prokey Investments Limited, a 100% Filipino-owned company registered in the British Virgin Islands and licensed by the Securities and Exchange Commission (SEC) on March 15, 2011 to operate a representative office in the Philippines. The remaining 70.7% is owned by various individuals and corporations. The Parent Company's common shares were listed in the Philippine Stock Exchange (PSE) in 1990. Other than its share listing in 1990, there were no other share offerings as at December 31, 2013.

The Company and its subsidiaries have no significant commercial operations as at December 31, 2013 and 2012. The subsidiaries' operations consist mainly of preservation and maintenance of existing investment properties (Note 2.2).

The Company's main focus is to support the ongoing property developments of its large associate, Interport Resources Corporation (IRC), in relation to the latter's agreement with a third party for the development of a portion of its property in Binangonan, Rizal. IRC owns more than 2,000 hectares of land in Binangonan, Rizal. In 2010, IRC generated P399 million through its stock rights offering.

As at December 31, 2013, IRC is actively pursuing negotiations with Wedgemore Property, a subsidiary of Ayala Land Inc., to develop a portion of its Binangonan property. To date, a total of 142 hectares are ready for immediate development.

The Company's registered office and principal place of business of the Company is at 35/F Rufino Pacific Tower, Ayala Avenue, Makati City.

The Company has 8 employees at March 31, 2014 and December 31, 2013.

Note 2 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

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

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, investment properties and available-for-sale investments included in other non-current assets.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements as disclosed in Note 5.

Changes in accounting policies and disclosures

(a) New standards, interpretations, and amendments to publish standards

The following standards have been adopted by the Group effective January 1, 2013:

- *PAS 1 (Amendment), Financial Statement Presentation - Other Comprehensive Income* (effective July 1, 2012). The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The required change has had no effect on the separate statement of total comprehensive income in the absence of other comprehensive income item.
- *PAS 28 (Revised), Investments in Associates and Joint Ventures* (effective January 1, 2013). PAS 28 (Revised) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of PFRS 11. The required disclosures on investments in and advances to subsidiaries and associates were incorporated in Note 9. The Group is not a party to any joint ventures.

- **PFRS 10, Consolidated Financial Statements (effective January 1, 2013).** The objective of PFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes control as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. See Note 2.2 for the impact of the adoption on the consolidated financial statements.
- **PFRS 12, Disclosures of Interests in Other Entities (effective January 1, 2013).** This new standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The disclosures on investments in and advances to subsidiaries and associates can be found in Note 9.
- **PFRS 13, Fair Value Measurement (effective January 1, 2013).** This new standard aims to improve consistency and reduce complexity by providing a clarified definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements, which are largely aligned with IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within PFRS. This did not have a significant impact on the financial statements. See Note 3.4 for the disclosures required by this standard.

(b) New standards, amendments and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013, and have not been applied in preparing these separate financial statements. None of these is expected to have a significant effect on the separate financial statements of the Group, except as set out below:

- **PFRS 9, Financial Instruments.** This new standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of PAS 39, Financial Instruments: Recognition and Measurement, that relate to the classification and measurement of financial instruments, and hedge accounting. PFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the PAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, part of the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. PFRS also details the changes in requirements to hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. The mandatory effective date of PFRS 9 which is for annual periods beginning January 1, 2015 has been deferred and left open pending the finalization of the impairment classification and measurement requirements. The Group has yet to assess the full impact of PFRS 9 and intends to adopt PFRS 9 upon completion of the IASB project. The Group will also consider the impact of the remaining phase of PFRS 9 when issued.

No other standards, amendments or interpretations that are effective beginning on or after January 1, 2013 are expected to have a material impact on the Group.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at March 31, 2014 and December 31, 2013. The subsidiaries' financial statements are prepared using the same reporting year as the Parent Company. The accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

These consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries as at March 31, 2014 and December 31, 2013:

Subsidiaries	Percentage of ownership		
	Direct	Indirect	Total
T&M Holdings, Inc. (TMHI)	100.00%	-	100.00%
M&M Holdings Corporation (MMHC)	100.00%	-	100.00%
Mindanao Appreciation Corporation (MAC)*	28.51%	13.98%	42.49%
The Angeles Corporation (TAC)	38.46%	15.02%	53.48%
The Taal Company, Inc. (TTCI)*	29.97%	14.49%	44.46%
Tagaytay Properties and Holding Corporation (TPHC)*	26.04%	-	26.04%

*With significant control or power to govern

All subsidiaries are domestic companies registered in the Philippines and are principally engaged in the business of acquiring and disposing of interests in real and personal properties of any kind or description, marketable securities and shares of stocks.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

The summarized financial information of subsidiaries with significant non-controlling interest as at and for the audited two years ended December 31 follow:

	TPHC	MAC	TTCI	TAC
	(in thousands of Pesos)			
Total current assets	22,438	16,934	8,185	2,709
Total non-current assets	118,722	35,266	23,701	-
Total assets	141,160	52,200	31,886	2,709
Total current liabilities	42,905	25,672	4,791	11,043
Total non-current liabilities	40,614	262	4,630	-
Total liabilities	83,519	25,934	9,421	11,043
Net assets (liabilities)	57,641	26,266	22,465	(8,334)
Non-controlling interest share in net assets (liabilities)	15,010	11,160	9,988	(4,457)

December 31, 2013	TPHC	MAC	TTCI	TAC
	(in thousands of Pesos)			
Income	9	1,886	127	4,261
Expenses	(37,619)	(4,204)	(973)	(52,378)
Loss before tax	(37,610)	(2,318)	(846)	(52,236)
Provision for income tax	-	(70)	-	-
Net loss	(37,610)	(2,388)	(846)	(52,236)
Other comprehensive income	-	10,220	-	-
Total comprehensive loss	(37,610)	(7,832)	(846)	(52,236)
Non-controlling interest share in comprehensive loss	(9,794)	(3,387)	(375)	(27,936)
Cash flow from:				
Operating activities	(4,412)	(162)	(18)	0.2
Investing activities	25,652	2,380	49	0.2
Financing activities	-	(2,424)	-	-
Net cash inflow (outflow)	21,240	(206)	31	0.4
December 31, 2012	TPHC	MAC	TTCI	TAC
	(in thousands of Pesos)			
Total assets	180,642	42,594	32,538	2,709
Total liabilities	85,390	24,159	9,230	10,990
Net assets (liabilities)	95,252	18,435	23,308	(8,282)
Non-controlling interest share in net assets (liabilities)	24,804	7,833	10,363	(4,429)
Income	14,163	655	49	-
Expenses	(4,217)	(2,186)	(928)	(60)
Income before tax	9,946	(1,531)	(879)	(60)
Net income (loss)	5,697	(1,723)	(880)	(60)
Other comprehensive income (loss)	(9)	(4,269)	(1)	-
Total comprehensive income (loss)	5,688	5,992	(881)	(60)
Non-controlling interest share in comprehensive income (loss)	1,481	1,082	(391)	(32)
Cash flow from:				
Operating activities	(32)	1,412	(34.5)	(0.4)
Investing activities	1	(20,499)	0.1	0.1
Financing activities	-	18,880	-	-
Net cash outflow	(31)	(207)	(34.4)	(0.3)

(e) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses the existence of control where it does not have more than 50% of the voting power but is able to govern the financial reporting and operating policies by virtue of de facto control. De facto control may arise in circumstances where the size Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is not accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

TPHC holds interests in the companies listed above namely: (1) The Angeles Corporation, 57.69%; (2) The Taal Company, Inc., 55.64%; and (3) Mindanao Appreciation Corporation, 53.68%.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions—that is, as transactions with the owners in their capacity as owners. For purchases

from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. Distributions received are treated as a reduction to the investment in the period wherein the right to receive such distribution arises. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of profit (loss) of an associate' in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognized in profit or loss.

2.3 Cash

Cash consist of cash on hand and deposits at call with banks. It is recognized in the statement of financial position at face value or nominal amount.

2.4 Financial assets

2.4.1 Classification of financial assets

The Group classifies its financial assets in the following categories: (i) at fair value through profit or loss, (ii) loans and receivables, (iii) held-to-maturity investments and (iv) available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

The Group's listed equity securities that are held for trading are classified under this category.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are then classified as non-current assets.

The Group's loans and receivable comprise cash in bank (Note 2.2), notes and other receivables and refundable deposits under other non-current assets in the statement of financial position.

(c) Held-to-maturity investments

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date which are classified as current assets.

The Group does not hold financial assets under this category.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. These are included in non-current assets unless management intends to dispose of the investment within 12 months from the reporting date.

The Group's available-for-sale investments under other non-current assets in the statement of financial position are classified under this category.

2.4.2 Initial recognition and subsequent measurement

(a) Initial recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset. Financial assets not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are recognized as expense in profit or loss.

(b) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method.

Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the statement of total comprehensive income (as “Unrealized gain (loss) on securities”) in the year in which they arise. Gains and losses arising from changes in the fair value of available-for-sale securities are recognized directly in other comprehensive income (as “Net change in fair value of available-for-sale securities”), until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in equity should be recognized in profit or loss. Dividends on equity instruments are recognized in profit or loss when the Group’s right to receive payment is established.

2.4.3 Derecognition of financial assets

Financial assets are derecognized when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred. If risks and rewards have not been substantially transferred, the Group performs tests of control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition.

2.4.4 Impairment of financial assets

(i) Assets carried at amortized cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the asset’s original effective interest rate (recoverable amount).

Impairment loss is recognized in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss.

(ii) Available-for-sale financial assets

For available-for-sale debt securities, the Group uses the criteria referred to above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. Generally, the Group treats 20% or more as 'significant' and greater than twelve months as 'prolonged'. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

(iii) Financial assets at fair value through profit and loss

In the case of equity investments classified as financial assets at fair value through profit and loss, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. Generally, the Group treats 20% or more as 'significant' and greater than 12 months as 'prolonged'. If any such evidence exists for the financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is recognized immediately in profit or loss.

2.5 Financial liabilities

2.5.1 Classification and measurement of financial liabilities

The Group classifies its financial liabilities in the following categories: financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value); and financial liabilities at amortized cost.

(a) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.

The Group does not hold financial liabilities under this category.

(b) Other liabilities at amortized cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortized cost.

The Group's borrowings (Note 2.13), accounts payable and other liabilities, due to related parties and subscriptions payable are classified under this category.

2.5.2 Initial recognition and subsequent measurement

Financial liabilities are initially recognized at fair value of the consideration received less directly attributable transaction costs. Financial liabilities at fair value through profit or loss are subsequently carried at fair value. Other liabilities are measured at amortized cost using the effective interest method.

2.5.3 Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or has expired.

2.6 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement 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.

2.7 Prepayments

Prepayments are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at the amount of cash paid, which is equal to its nominal amount. Prepayments are derecognized in the statement of financial position as these expire with the passage of time or consumed in operations.

Prepayments are included in current assets, except when the related services are expected to be received or rendered for more than twelve months after the end of the reporting period, in which case, these are classified as non-current assets.

2.8 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and amortization and impairment, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation and amortization is calculated using the straight-line method over the estimated useful lives of the related assets as follows:

Furniture and fixtures	3 to 5 years
Office equipment	5 years
Office condominium	25 years
Communication and other equipment	5 years
Building improvements	10 years
Transportation equipment	5 years

Building and leasehold improvements are amortized over the life of its assets or lease term, whichever is shorter.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost, appraisal increase and their

related accumulated depreciation are removed from the accounts. Any gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in profit or loss.

2.9 Investment properties

Investment property is defined as property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business.

Investment property is subsequently carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are recorded in profit or loss as part of other income.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment. Gain or loss arising from disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset. This is recognized in the profit or loss.

Property that is being constructed or developed for future use as investment property is classified as investment property.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life, such as land, are not subject to depreciation and amortization and are tested annually for impairment. Assets that have definite useful life are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that are impaired are reviewed for possible reversal of the impairment at each reporting date.

2.11 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3- Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

(a) Financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. There are no financial instruments that fall under the Level 2 category.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. There are no financial instruments that fall under the Level 3 category.

(b) Non-financial assets or liabilities

The Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- **Market approach** - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a Group of assets and liabilities, such as a business.
- **Income approach** - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- **Cost approach** - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Level 2 fair values of have been derived using the sales comparison approach. This comparison approach considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter.

The investment properties of the Group are classified under Level 2 category. The Group has no non-financial assets or liabilities classified under Level 3 category.

2.12 Accounts payable and other liabilities

Accounts payable and other liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. These are recognized initially at fair value and subsequently measured at amortized cost using effective interest method.

2.13 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs)

and the redemption value is recognized in the profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed as incurred.

2.14 Revenue and expenses recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is possible that future economic benefits will flow to the Group and specific criteria have been met for each of its activities as described below.

(a) Rental income

Rental income from operating leases (the Group is the lessor) is recognized as income on a straight-line basis over the lease term. When the Group provides incentives to its lessees, the cost of incentives are recognized over the lease term, on a straight-line basis, as a reduction of rental income.

As at March 31, 2014 and December 31, 2013, there are no incentives given to the lessees of the Company.

(b) Interest income and expense

Interest income and expense are recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

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

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss.

(c) Other income

Other income is recognized when earned. Dividend income is recognized when the right to receive payment is established.

(d) Expenses

Operating expenses are recognized when they are incurred.

2.15 Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that that it relates to items recognized in other comprehensive income or directly

in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the group the ability to control the reversal of the temporary difference not recognized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.17 Subscription payable

Subscription payable represents unpaid portion of capital stock subscriptions initially measured at fair value and subsequently measured at amortized cost using effective interest method.

2.18 Deposit for future stock contributions

Deposit for future stock contribution represents amounts received from shareholder which will be settled by way of issuance of the Parent Company's own shares on future date.

2.19 Share capital

(a) Common shares

Common shares 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.

(b) Treasury shares

Where any member of the Group purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (*net of income taxes*) is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Parent Company's equity holders.

2.20 Earnings per share

Basic earnings per share is calculated by dividing net income attributable to common shareholders by the weighted average number of common shares in issue during the year. Diluted earnings per share is computed in the same manner as basic earnings per share, however, profit attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

2.21 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

(a) The Group is the lessor

Properties leased out under operating leases are included in "Investment properties" in the statement of financial position. Rental income under operating leases is recognized in profit or loss on a straight-line basis over the period of the lease.

(b) The Group is the lessee

Leases, where a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to income on a straight-line basis over the period of the lease.

When the Group enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset or is dependent on the use of a specific asset or assets, the Group assesses whether the arrangement is, or contains, a lease. The Group does not have such arrangements.

2.22 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

2.23 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

2.24 Subsequent events (or events after the reporting date)

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Note 3 - Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Management, under the direction of the Board of Directors of the Group is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Group's financial performance due to the unpredictability of financial markets.

3.1 Market risk

a. Foreign exchange risk

The foreign exchange risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The reasonably possible movement in foreign currency exchange rates is based on projection by the Group using five year moving average historical experience.

b. Price risk

The Group's exposure on price risk is minimal and limited only to investments classified as at fair value through profit or loss (Note 7) and available-for-sale securities. Changes in market prices of these investments are not expected to impact significantly the financial position or results of operations of the Group.

c. Interest rate risk

Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing financial instruments include notes receivable (Note 8) and various loans payable and borrowings (Note 12). These financial instruments are not exposed to fair value interest rate risk as they are carried at amortized cost. Likewise, these instruments are not exposed to variability in cash flows as they carry fixed interest rates.

3.2 Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation.

The Group's exposure to credit risk primarily relates to cash in banks and financial receivables.

(i) Cash in bank

The Group manages credit risk on its cash balances by depositing in banks that qualified in the criteria of the Company. Some of these criteria are stability, financial performance, industry-accepted ratings, quality, diversity and responsiveness of products and services.

As at March 31, 2014 and December 31, 2013, the Group's funds are maintained with universal banks.

(ii) Notes and other receivables

Notes receivables classified as fully performing are current and expected to be fully settled by IRC, a related party. Management believes that the existing allowance charged against the gross outstanding balance is sufficient to cover perceived credit risk given the huge potential and improving financial condition of IRC. There were no collaterals held related to notes and other receivables.

(iii) Refundable deposits

Refundable deposits are considered highly recoverable as the counterparty is assessed to have strong capacity to meet its obligation.

The Group has no financial assets that are classified as past due but not impaired at March 31, 2014 and December 31, 2013.

3.3 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. The consequence may be the failure to meet obligations to repay creditors and fulfill commitments. The Company's liquidity management process as carried out within the Company includes:

- a. day-to-day funding requirement, managed by monitoring future cash flows to ensure that requirements can be met;
- b. monitoring statement of financial position liquidity ratios against internal requirements; and
- c. assessing if additional funding from lenders or stockholders is needed.

Accordingly, each financial asset and liability is structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs.

Substantial component of expected cash inflows in 2013 and foreseeable future is the expected payments from third party notes receivables.

Expected future interest payments of the Company for the next three years is P41 million as at March 31, 2014 and December 31, 2013.

All financial assets and liabilities are classified as current as at reporting dates.

3.4 Fair value hierarchy

The Group follows the fair value measurement hierarchy to disclose the fair values of its financial assets and liabilities. At March 31, 2014 and December 31, 2013, the Group's financial assets at fair value through profit or loss and investment properties are classified under Level 1 and Level 2 categories, respectively.

Note 4 - Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to support the ongoing property development plans of the Group and to maintain an optimal capital structure to reduce the cost of capital. For this purpose, capital is represented by total equity as shown in the statements of financial position, as well as deposit for future share subscriptions presented as liabilities.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's main objective is to ensure it has adequate funds moving forward to support the ongoing development plans of IRC.

As part of the reforms of the PSE to expand capital market and improve transparency among listed firms, PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Group has fully complied with this requirement.

There are no external minimum capitalization requirements imposed to the Group.

Note 5 - Critical accounting estimate and judgment

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Critical accounting estimates

(a) Estimate of fair value of investment properties (Note 11)

The following are the significant assumptions used by the independent appraiser to calculate the investment properties of the Group.

- current prices in an active market for properties of similar nature, condition or location, adjusted to reflect possible differences; and
- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

The Group's investment properties have an estimated market value of P75,000 per square meter at December 31, 2013.

The Group considers that it is impracticable to discuss with sufficient reliability the possible effects of sensitivities surrounding the estimation of the fair value of investment property as the major assumptions used may differ significantly. With this, it is reasonably possible, based on existing knowledge, that the outcomes within the next financial year are different from assumptions and could require a material adjustment to the carrying amount of investment property.

5.2 Critical accounting judgments

(a) Recoverability of loans and receivables (Note 8)

Allowance for impairment losses is maintained at a level considered adequate to provide for potentially uncollectible receivables. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Management's judgment is required in the estimation of the amount and timing of future cash flows when determining the required level of allowance. Such estimates are based on assumptions on a number of factors and actual results may differ, resulting in future changes to the allowance. The factors considered in the estimate of probable losses include among others, age and nature, as well as indicators of disputes, if any. The provision is recognized in profit or loss.

Management believes that the carrying amount of notes receivables at reporting dates is collectible given the ongoing development loans and prospects of IRC and other factors discussed in (c) below.

(b) Recognition of deferred income tax assets

Management reviews at each reporting date the carrying amounts of deferred income tax assets. The carrying amount of deferred income tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax assets can be utilized. Management believes that the non-recognition of deferred income tax assets of P3.58 million is appropriate due to the Group's limited capacity to generate sufficient taxable income in the immediately succeeding five years given current development activities.

(c) Recoverability of investment in IRC (Note 9)

Management believes that the carrying amount of its investment in IRC is fully recoverable due to a number of factors, which include among others, the following:

- 1) IRC has 455 hectares of land held for development and capital appreciation in Binangonan Rizal. Portion of the property is currently being cleared/developed with the resulting fair value expected to generate repayment funds. Currently, the property is valued at P1,000 per square meter.
- 2) IRC is in process of constructing a residential project over a 29 hectare property under the joint development agreement with a local developer.
- 3) IRC's P399 million proceeds from stock rights offering in 2010 is being utilized to support ongoing development.
- 4) IRC is in the process of negotiating with Wedgemore Property, a subsidiary of Ayala Land Inc., to undertake a major development project.
- 5) *Clearing and retitling is ongoing for the remaining large portion of the land to make it ready for future developments.*
- 6) The Company has 1,500 hectares more in its landbank that is potentially a revenue stream that would allow repayment.

(d) Joint arrangements

The Company's associate enters into joint arrangements for the development of its properties. Per contractual agreements, the associate's contribution on the joint arrangements is limited only to the value of the land and any obligations related to development are on the account of the counterparty in the joint operations. The joint arrangements are not structured through a separate vehicle and classified as joint operations. The associate of the Company retains full ownership over the properties until sold.

(e) Consolidation of entities in which the Group holds less than 50%

Management consider that the group has de facto control over MAC, TTCI and TPHC even though it has less than 50% of the voting rights. There is no history of other shareholders forming a group to exercise their votes collectively. Based on the absolute size of the Group's shareholding and the relative size of the other shareholdings, management have concluded that the Group has sufficiently dominant voting interest to have the power to direct the relevant activities of these entities. Consistent with PFRS 10, the entities have been fully consolidated into the Group's financial statements.

Note 6 - Cash on hand and in banks

The account at March 31 and December 31 consists of:

	Mar 31, 2014	Dec 31, 2013
Cash in banks	6,529,259	25,019,901
Cash on hand	15,000	15,000
	<u>6,544,259</u>	<u>25,034,901</u>

Note 7 - Financial assets at fair value through profit or loss

The account as at March 31, 2014 and December 31, 2013 consists of listed equity shares with fair value based on current bid prices in an active market.

In 2013, shares with a fair value of P1.04 million were sold at P2.93 million. Gain on disposals of financial assets at fair value through profit or loss amounted to P1.9 million (Note 22).

Note 8 - Notes and other receivables

The account at March 31 and December 31 consists of:

	Note	Mar 31, 2014	Dec 31, 2013
Notes receivable		423,462,965	409,928,755
Due from related parties	18	596,311	238,536
Advances and other receivables		11,588,411	10,284,369
		<u>435,647,687</u>	<u>420,451,660</u>
Allowance for impairment losses		(17,734,762)	(17,734,762)
		<u>417,912,925</u>	<u>402,716,898</u>

Notes receivable represents loans granted to IRC with no definite payment terms and bears annual interest rates ranging from 12% to 18%. The account also includes accrued interest receivable. These loans are due and demandable at reporting dates.

The loans were used by IRC for the site clearance, retitling and development costs of its vast Binangonan property.

Due from related parties arise from transactions with non-consolidated entities.

Note 9 - Investment in associates

Details of the account at March 31 and December 31 follow:

	Mar 31, 2014	Dec 31, 2013
Acquisition cost		
Balance at January 1	611,806,857	590,055,180
Share acquisitions	4,238,460	47,699,077
Disposals		(25,947,400)
Balance at December 31	<u>616,045,317</u>	<u>611,806,857</u>
Accumulated share in net income (losses) of associate		
Balance, beg.	415,969,132	294,852,673
Share in net earnings (losses) of associate	(1,604,560)	121,116,459
Balance, end	<u>414,364,573</u>	<u>415,969,132</u>
Total	<u>1,030,409,890</u>	<u>1,027,775,989</u>

The Company sold a portion of its investment in associate which resulted in a gain of 12.1 million in 2013. Proceeds from disposals of the investment amount to P38 million.

The summarized financial information of IRC as at and for the years ended December 31 follows:

	Mar 31, 2014	Dec 31, 2013
	(in millions of Peso)	
Total assets	2,785.74	2,852.72
Total liabilities	1,553.34	1,622.62
Total equity	1,232.40	1,230.10
Revenue	5.04	631.46
Net income (loss)	(4.22)	323.07

Note 10 - Property and equipment

Details of property and equipment as at and for the years ended March 31, 2014 and December 31, 2013 follow:

	Mar 31, 2014	Dec 31, 2013
COST		
Furniture & fixtures	1,662,116	1,662,116
Office equipment	1,133,779	1,123,065
Communication and other equipment	845,643	845,643
Office condominium	13,746,305	13,746,305
Building improvements	3,859,242	3,859,242
Transportation equipment	5,246,131	5,246,131
	26,493,216	26,482,502
ACCUMULATED DEPRECIATION		
Furniture & fixtures	1,625,227	1,588,399
Office equipment	921,227	889,411
Communication and other equipment	832,792	831,117
Office condominium	11,116,963	10,989,736
Building improvements	2,046,159	1,951,258
Transportation equipment	2,242,800	2,028,349
	18,772,813	18,278,270
NET BOOK VALUE		
Furniture & fixtures	36,889	73,717
Office equipment	212,552	233,654
Communication and other equipment	12,851	14,526
Office condominium	2,629,342	2,756,569
Building improvements	1,813,083	1,907,984
Transportation equipment	3,003,331	3,217,782
	7,708,048	8,204,232

Note 11 - Investment properties

The Group's investment properties include several parcels of land and condominium units held for lease. Land includes properties of MHC, TICI and TPHC held for appreciation purposes, including those strategically located and potentially high value land in Tagaytay City and Batangas with a total land area of 29 hectares. The condominium units, which are located in Makati with a total floor area of 888 square meters, are being leased out to third parties.

Note 12 - Borrowings

Borrowings at March 31 and December 31 consist of unsecured short-term interest-bearing loans obtained from the following:

	Mar 31, 2014	Dec 31, 2013
Join Capital Limited	281,474,403	278,352,034
Intrinsic Value Management Ltd. (Phils.) Co., a related party	13,624,642	13,624,642
Philippine Strategic Internat'l Holdings, Inc., a related party	450,000	450,000
Others	29,001,500	28,635,500
	324,550,545	321,062,176

Note 13 - Accrued expenses and other payables

The account at March 31 and December 31 consists of:

	Note	Mar 31, 2014	Dec 31, 2013
Accrued expenses		43,962,238	47,794,710
Provisions	22	47,770,052	47,770,052
Others		7,430,733	1,870,598
		99,163,023	97,435,360

Accrued expenses represent accruals for professional fees, utilities and other recurring expenses. Provisions pertain to liabilities related to guarantees arising from acquisition of an asset of a previous related party which is currently under legal proceedings.

Note 14 - Deposits for future share subscriptions

In 1997, the Group received from certain shareholders deposits on future stock subscriptions amounting to P241.62 million. Movements of P46.93 million in 2008 pertain to cancellation of subscription with the amount previously received as deposits applied against the Group's advances to concerned shareholders. There were no movements in the account since 2009.

It is the intention of the shareholders that these balances represent deposits for future capital subscription. However, the plan of the Company's management has been put on hold and such has been presented as liability only for the purpose of complying with Financial Reporting Bulletin No. 6 issued by SEC. The management considers issuing equities upon development of concrete plans on the improvement of the operations of the Company.

Note 15 - Equity

(a) Share capital

Share capital at March 31, 2014 and December 31, 2013 consists of:

Common shares – P1 par value		
In shares		
Authorized		4,000,000,000
Subscribed and issued		1,200,000,000
Issued and outstanding		958,189,053

Movement in 2012 pertains to collection of subscriptions from shareholders.

(b) Treasury shares

Treasury shares represent investment of MAC, a subsidiary, to the Parent Company's shares.

Note 16 - Operating expenses

Other operating expenses for the quarter ended March 31, 2014 and 2013 consist of:

	March 31, 2014	March 31, 2013
Taxes and licenses	927,618	1,058,180
Transportation and travel	298,627	372,473
Communication, light and water	96,828	253,972
Representation and entertainment	7,241	22,210
Other fees	96,121	104,778
Miscellaneous	573,087	598,544
	1,999,522	2,410,157

Note 17 - Basic and diluted earnings per share

The computation of basic earnings per share for the period ended March 31 and December 31 follows:

	2014	2013
Net income (loss) attributable to the equity holders of Parent Co.	2,534,325	50,495,194
Divided by the average no. of outstanding common shares	955,034,053	955,034,053
Basic (loss) earnings per share	0.00265	0.05287

Basic and diluted earnings per share are the same due to the absence of dilutive potential common shares.

Note 18 - Related party transactions

The Group's transactions with related parties include those with associates and other related parties described below:

a) Due from related parties

Details of the account at March 31 and December 31 follow:

	Mar 31, 2014	Dec 31, 2013
Intrinsic Value Management Ltd. (Phils.) Co., Inc. ("IVM")	122,709	122,684
IRC Properties, Inc.	80,720	99,990
Phil. Strategic	196,928	181,136
South China Sea Holdings Corporation	195,953	180,161
	596,310	583,971

Other outstanding receivables from related parties are presented as Due from related parties under Notes and other receivables account in the statements of financial position (see Note 8).

b) Due to related parties

This account is composed of advances from the following related parties which were obtained for working capital purposes:

	Mar 31, 2014	Dec 31, 2013
IVM	9,060,439	7,403,291
Others	85,706	85,706
	9,146,145	7,488,997

The above advances are non-interest bearing and are payable on demand thus, considered current.

Note 19 - Leases

In 2009, the Company occupied a portion of its investment in condominium units and converted it into an office space. The portion which is owner-occupied is properly reclassified as property and equipment (Notes 10 and 11). The remaining portion is leased to other parties.

Note 20 - Salaries and employee benefits

The balance of employee benefits at March 31 consists of:

	March 31, 2014	March 31, 2013
Salaries and wages	619,800	630,753
SSS, Philhealth and HDMF	30,370	27,514
Others	89,632	213,675
	739,802	871,942

Note 21 - Gain (loss) on disposal of assets

The account includes gains (losses) resulting from the sale of the following assets:

	Notes	March 31, 2014	March 31, 2013
Financial asset at fair value through profit or loss	7	-	
Investment in associates	9		2,133,511
			2,133,511

Note 22- Contingencies

In the normal course of business, the Group is a defendant of a case which is pending with the Court of Appeals. The case arose from a demand for payment of minimum guaranteed return on investment by corporation which was formerly a co-shareholder of the Parent Company. Details of this pending case follow:

The plaintiff (one of the co-shareholders) violated a number of the terms as stipulated under the agreement, including a direct purchase of the shares of the other shareholder without the consent of the Group. The agreement also contains a provision about guaranteed return.

In 1999, the plaintiff demanded full payment of the guaranteed return on its investment after audits of the fast craft business revealed a significant amount of loss, which demand was denied by the Group.

After divergent decisions by the arbitrator and regional trial court, the case was transferred to Court of Appeals for further proceedings. In 2013, a final decision has been rendered by the Court of Appeals, instructing the Company to pay the agreed guaranteed returns and arbitration costs including 12% interest calculated from the date of initial ruling amounting to P47,770,052 as shown in the statement of financial position under accounts payable and other liabilities (Note 13).

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Group's main focus is to support the projects of its large associate, IRC Properties, Inc. (IRC). IRC has three ongoing real estate projects: two residential subdivisions (Sunshine Fiesta and Fiesta Casitas) and one mid-rise condominium project (Eastridge Residences). These projects of IRC are expected to generate significant amount of sustainable income stream and operating cash flows to the Group.

The management of the Company has plans to sell some assets and pursue the development of its investment properties as well as the real properties of its subsidiaries and affiliated companies and to enter into joint ventures if opportune.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Management, under the direction of the Board of Directors of the Group is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Group's financial performance due to the unpredictability of financial markets.

The Company's equity position is in compliance with the minimum statutory requirements applicable to public companies. Given the very limited operating activities undertaken by the Group, it does not require intensive capitalization. The Group's main objective is to ensure it has adequate capital moving forward to pursue its land disposal plans at optimum gain. Apart from extending loans to IRC Properties, Inc. for its land clearing costs, the Group does not anticipate heavy requirement for working capital in 2013.

As of March 31, 2014, the Registrant holds directly or indirectly substantial investments in several other corporations. Three of these are wholly owned subsidiaries while the rest are investees in which MHC has sizeable claims and interests. For the past five years, operating activities of the Group have been kept to the minimum except for its large associate, IRC Properties, Inc. (IRC). IRC at present has three main projects: Sunshine Fiesta, Fiesta Casitas and the Eastridge Residences (formerly Trocadero Residences), all located in Binangonan. The Sunshine Fiesta Subdivision project is a joint venture with Dreamhauz Management and Development Corporation (DMDC) signed and executed by the parties on August 5, 2010. The Fiesta Casitas project, although forming part of the Sunshine Fiesta Subdivision, is a partnership entered into by IRC in July 2012 with Dell Equipment & Construction Corp, to turn IRC's 8.72-hectare lot into a residential subdivision. The Eastridge project has not yet commenced. The Management of IRC plans it to be a mixed development of condominium and townhouses within a 1.34 hectare property also in Binangonan, Rizal adjacent to Thunderbird Resort & Casino and the 18-hole Eastridge Golf Club ("Eastridge"). The enclave, located within the Eastridge Golf Village is beside the Pasadena Subdivision to be developed by Landco Pacific Corporation. With a commanding view of the Laguna Lake and valley view of Rizal towns, the project will cater to golfer members of Eastridge, and the mid to high end market of northern Metro Manila. The project will have a total of 40 townhouses for primary markets and 180 condominium units.

IRC Properties, Inc. is actively pursuing negotiations with a subsidiary of Ayala Land, Inc. to develop a huge portion of its Binangonan property, whether pursuant to a purchase or joint venture, into a mixed-use township project. The on-going negotiations are expected to be completed within the next three months and if the results are favorable, the project will take about seven years to finish as it involves three phases.

These projects of IRC are expected to generate significant amount of sustainable income stream and operating cash flows to the Group.

Explanation to Accounts with Material Variance (March 2014 vs. December 2013)

Cash
Decrease of 74% mainly due to payment of interest on borrowings and additional loan to IRC Properties, Inc.

Financial assets at fair value through profit or loss
Increase of 19% due to increase in market value of securities.

Notes and other receivables
Increase of 4% due to additional loans to IRC Properties, Inc.

Property and equipment, net
Decrease of 6% due to depreciation.

Due to related parties
Increase of 22% due to increase in advances from IVM.

Results of Financial Operations

A comparative review of the Registrant's financial operations for the quarter ended March 31, 2014 vis-à-vis the same period last year showed the following:

Total revenues are constant at P1.56M. Total operating expenses decreased by 14% due to the decrease in Salaries and employee benefits (there was no conversion of leave benefits into cash in 2014), Depreciation, Professional fees, and Other operating expenses. Total Other income was overturned by other expenses and thus decreased by 279% mainly due to the sharp fluctuation in foreign exchange rates and decrease in gain on disposal of assets.

There is no significant element of income that did not arise from the Registrant's continuing operations. Neither is the Company's operations affected by any seasonality or cyclical trends.

Discussion of Material Events/Uncertainties Known to Management that would Address the Past and Impact on Future Operations

The Company does not have any material commitment for capital expenditures, in the short-term, apart from supporting the clearing costs of IRC Properties, Inc. It is not under any pressing obligation to pay its advances to affiliates. The Company has enough resources to cover payment of liabilities through the sale of some of its marketable securities. In the event that the Company will be required to settle its liabilities to third parties, it can do so by selling its listed securities and calling for payment its notes and accounts receivable.

The Company does not have any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships with unconsolidated entities or other persons created during the reporting period.

ITEM 3 - KEY PERFORMANCE INDICATORS

The Company's key performance indicators are the following:

(In Percentage)

	<u>March 31, 2014</u>	<u>Dec. 31, 2013</u>
Net profit (loss) ratio	-nil-	779.3
Return on assets	-nil-	3.11
Return on equity	-nil-	5.29
Current ratio	68.30	69.53
Acid test	1.41	4.34
Debt to equity	71.12	69.82
Debt to assets	41.56	41.11
Asset to equity	171.12	169.82
Interest coverage	-nil-	204.22
Earnings (loss) per share	.00265	.05287

Notes:

- 1.) Net profit ratio is computed by getting the ratio of Consolidated Net Income (Loss) to Total Revenues.
- 2.) Return on assets is derived at by dividing Net income by Total Assets.

- 3.) Return on Equity is arrived at by dividing Net income by Total Stockholders' equity.
- 4.) Current Ratio is expressed as Current Assets : Current Liabilities.
- 5.) Acid Test Ratio is expressed as total of Cash on hand and in banks + Financial assets at fair value : Current Liabilities.
- 6.) Debt to equity is computed by dividing Total liabilities by Total stockholders' equity.
- 7.) Debt to assets is expressed as Total liabilities: Total assets
- 8.) Asset to equity is computed by dividing Total assets over Total stockholders' equity.
- 9.) Interest coverage is arrived at by dividing Operating income by Interest expense.
- 10.) Earnings (loss) per share is arrived at by dividing the Consolidated Net Income (Loss) attributable to Equity Holders of the Parent Company over the average no. of the outstanding common shares.

PART II – OTHER INFORMATION

ITEM 4 - NON-APPLICABILITY OF OTHER SEC-REQUIRED NOTES

Notes required to be disclosed but are not applicable to the Registrant are indicated below:


- a. Assets Subject to Lien and Restrictions on Sales of Assets
- b. Changes in Accounting Principles and Practices
- c. Defaults
- d. Preferred Shares
- e. Pension and Retirement Plans
- f. Restrictions which Limit the Availability of Retained Earnings for Dividend Purposes
- g. Significant Changes in Bonds, Mortgages and Similar Debt
- h. Registration with the Board of Investments (BOI)
- i. Foreign Exchange losses Capitalized as part of Property, Plant & Equipment
- j. Deferred Losses Arising from Long-Term Foreign Exchange Liabilities
- k. Segment Reporting
- l. Disclosure not made under SEC Form 17-C: None

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.

MABUHAY HOLDINGS CORPORATION

Issuer



ESTEBAN G. PEÑA SY
President
Date: May 14, 2014



ARACELI C. MOLINA
Treasurer & Chief Financial Officer
Date: May 14, 2014