

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the Year Ended **DECEMBER 31, 2013**
2. SEC Identification Number: **150014**
3. BIR Tax Identification Number: **050-000-473-206**
4. Exact Name of Registrant: **MABUHAY HOLDINGS CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**
6. Industry Classification Code: HO
7. Address of Principal Office: **35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223**
8. Registrant's Telephone Number, Including Area Code: **(632) 750-2000**
9. Former Name, former address, former fiscal year, if changed from last report: **N/A**
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA

Common stock	1,200,000,000 shares
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11. Are any or all of these securities listed on a Stock Exchange.

Yes	[<input type="checkbox"/>]	No	[<input type="checkbox"/>]
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Philippine Stock Exchange Common shares of stock
12. Check whether the Registrant:
 - (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a), thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months

Yes	[<input type="checkbox"/>]	No	[<input type="checkbox"/>]
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 - (b) has been subject to such filing requirements for the past 90 days

Yes	[<input type="checkbox"/>]	No	[<input type="checkbox"/>]
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13. Aggregate market value of the voting stock held by non-affiliates of the registrant

Total number of subscribed shares	1,200,000,000
Less: Shares held by affiliates	769,821,854
Shares held by non-affiliates	430,178,146
Market price as of December 31, 2012	0.59
Aggregate market value of voting stock held by non-affiliates	<u>P253,805,106</u>
14. Documents incorporated by reference: **None**

Fiscal Year 2010 Form 17-A

Table of Contents

	<u>Page No.</u>
PART I - BUSINESS AND GENERAL INFORMATION	
Item 1 Business	1
Item 2 Properties	4
Item 3 Legal Proceedings	5
Item 4 Submission of Matters to a Vote of Security Holders	5
PART II - OPERATIONAL AND FINANCIAL INFORMATION	
Item 5 Market for Registrant's Common Equity and Related Stockholder Matters	5
Item 6 Management's Discussion and Analysis or Plan of Operation	7
Item 7 Financial Statements	12
Item 8 Information on Independent Accountant and Other Related Matters	12
PART III - CONTROL AND COMPENSATION INFORMATION	
Item 9 Directors, Executive Officers and Control Persons	13
Item 10 Executive Compensation	17
Item 11 Security Ownership of Certain Beneficial Owners and Management	18
Item 12 Certain Relationships and Related Transactions	19
PART IV - CORPORATE GOVERNANCE	
Item 13 Compliance with Leading Practice on Corporate Governance	19
PART V- EXHIBITS AND SCHEDULES	
Item 14 Exhibits and Report on SEC Form 17 – C	20
A. Exhibits	20
B. Report on SEC Form 17 – C	20
C. Report under SEC Form 17-C as amended	20
SIGNATURES	20
INDEX TO EXHIBITS	23
STATEMENTS OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS	24

PART I - BUSINESS AND GENERAL INFORMATION

Item 1 – Business

Mabuhay Holdings Corporation (hereafter referred to as “Registrant” or “MHC” or “Company”) was incorporated on April 06, 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 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 P975.5 million have been paid out of the P1.2 billion subscriptions. MHC shares are now traded in the Philippine Stock Exchange.

The registrant currently holds office at 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223. Its last annual stockholders’ meeting was on August 30, 2013.

As of December 31, 2013, 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 key real estate industry player 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 ensuing year 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.

A. 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 38.01% stake in IRC Properties, Inc. (formerly Interport Resources Corporation).

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. Currently, M&MHC 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 indirectly thru T&M Holdings, Inc.)

IRC Properties, Inc. (formerly Interport Resources Corporation), a company listed in 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. It owns about 2,200-hectare of land in Binangonan, Rizal.

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.

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.

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), which the Company sold to a third party in 2009.

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.

B. FOREIGN SALES.

Not applicable to the Registrant

C. 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 business interests are concentrated in the real estate property business. The Tagaytay Properties & Holdings Corporation, The Taal Co., Inc., and IRC Properties, Inc. each hold an inventory of real properties in strategic locations like Tagaytay City, Batangas, Cavite, and Binangonan. The aggregate landholdings of the Registrant's investees easily run to 2,219 hectares, many of which are in prime locations.

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

E. 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 some of its investees.

F. 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.

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

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

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

J. 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 had 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.

Item 2 – Properties

All the following properties owned by MHC and its affiliates/subsidiaries are free from lien:

Name of Property	Owner	Area	Location
Genil Property	The Taal Co., Inc.	11,784 sq. m	Bugaan East, Laurel, Batangas
Landicho Property	The Taal Co., Inc.	39,781 sq. m	Lumang Lipa, M.Kahoy, Batangas
Zara Property	The Taal Co., Inc.	14,022 sq. m	Don Juan, Cuenca, Batangas
Rañola Property	The Taal Co., Inc.	778 sq. m	Tanza, Cavite
Tagaytay Property	Tagaytay Properties and Holdings Corp.	98,760 sq. m	Rotonda, Tagaytay City
Binangonan Property	IRC Properties, Inc.	2,200 has.	Binangonan, Rizal
Carandang	Tagaytay Properties and Holdings Corp.	6,533 sq. m	Ambolong, Batangas
Atienza	Tagaytay Properties and Holdings corp.	2,636 sq. m	Ambolong, Batangas
Landicho	Tagaytay Properties and Holdings Corp.	15,605 sq. m	M. Kahoy, Batangas
35F Rufino Tower (office condo unit)	Mabuhay Holdings Corp.	886 sq. m*	Ayala Avenue, Makati City

- * Half of the 35th Floor is leased out to Dreamhauz Management & Development Corporation and the other half is being used as The Registrant's office together with its associate, IRC Properties, Inc. The lease agreement with Dreamhauz Management & Development Corporation covers a period of 2 years (renewable for another 2 years), expired on September 30, 2013, which was renewed on a monthly basis up to April 15, 2014. That of IRC Properties, Inc. covers a lease period of 3 years (renewable for another 3 years), which will expire on November 30, 2014. Rental revenues from this property amounted to P6.23M in 2013 as reflected in the Consolidated Statements of Total Comprehensive Income, Notes 11 and 20 of the Consolidated Financial Statements as of and for the year ended December 31, 2013, which are an integral part of this report.

The Registrant has no plans to acquire property in the next 12 months.

Item 3 – Legal Proceedings

The Registrant 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 Registrant's consolidated financial position except for the case mentioned in Note 23 of the Audited Financial Statements for which adequate provisions have been made.

Item 4 – Submission of Matters to a Vote of Security Holders

There were no substantial matters submitted to a vote of the security holders during the 4th quarter of the year 2013. The last meeting of the Registrant's stockholders was the annual stockholders' meeting, which was held on August 30, 2013. In that meeting, the stockholders elected the directors for 2013. Messrs. Steven G. Virata and Rodrigo B. Supeña were the Registrant's independent directors in compliance with SEC Memorandum Circular No. 16,

Series of 2002, Section 38 of the Securities Regulation Code and its implementing rules and regulations.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5 – Market for the Registrant’s Common Equity and Related Stockholder Matters

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 P194.7 million as deposits for future stock subscription. Although these deposits were intended for capital subscription, they were presented as liability in the Statement of Financial Position for the purpose of complying with SEC rule 68-D.

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.

Stock Prices. The shares of MHC traded along the following bands during 2013 and 2012:

	2013		2012	
	High	Low	High	Low
First Quarter	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 April 11, 2014 is P0.65.

Recent Sales of Unregistered Securities. No securities of the Registrant have been sold within the past three years which have not been registered under the Securities Regulation Code. Neither is there any claim for exemption from registration made by the Company.

Stockholders.

Stockholders of record as at December 31, 2013 total two hundred eighteen (218) in number, broken down as follows:

<u>Citizen</u>	<u>No. of shares</u>	<u>Percentage</u>	<u>No. of Holders</u>
Filipino	863,083,900	71.92	200
American	908,000	.08	7
Chinese	545,050	.05	4
Other Alien	<u>335,083,950</u>	<u>27.95</u>	<u>2</u>
Total	<u>1,200,000,000</u>	<u>100.00</u>	<u>213</u>

Top 20 Stockholders as at December 31, 2012 all holding Common Stock:

<u>Name of Stockholder</u>	<u>No. of Shares Held</u>	<u>Percentage</u>
1. Prokey Investments Ltd.	351,289,763	29.27
2. PCD Nominee Corporation (PH)	348,425,998	29.04
3. PCD Nominee Corporation (OA)	335,463,000	27.96
4. Guoco Securities (Phils.), Inc.	123,192,131	10.27
5. Papa Securites Corporation	13,550,000	1.13
6. Mindanao Appreciation Corp.	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. Guei Tay Gi	930,000	0.08
12. International Polymer Corp.	900,000	0.08
13. Century Sports Philippines	812,000	0.07
14. Zosa, Rolando M..	800,000	0.07
15. Uy, Samson	700,000	0.06
16. Mendoza, Alberto	650,000	0.05
17. Sy, Silman	546,000	0.05
18. Sickling II, Herbert William	500,000	0.04
19. South China Holdings	432,000	0.04
20. Dyhongpo, Carlos	330,000	0.03

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

Item 6 – Management’s Discussion and Analysis or Plan of Operation

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 2013.

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 is 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.

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	-	$\frac{\text{Net Income Attributable to Equity Holders of Parent Co.}}{\text{Average number of Outstanding Common Shares}}$

(%)	Dec. 31, 2013*	Dec. 31, 2012*	Dec. 31, 2011*	
Net Profit Ratio	779.3	311.1	284.2	*Audited
Return on Assets	3.11	5.38	2.60	
Return on equity	5.29	9.09	4.57	
Current ratio	69.53	67.12	62.84	2012
Acid test	4.34	1.14	2.61	
Debt to equity	69.82	68.90	76.09	Total
Debt to assets	41.11	40.79	43.21	assets of
Asset to equity	169.82	168.90	176.09	P1.5B
Interest coverage	204.22	129.22	(3.94)	increased
Earnings (loss) per share	.05287	.08375	.03389	by

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.

Property and equipment

Increase of 25% mainly due to acquisition of transportation equipment offsetted 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 tax liability

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

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.

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.

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.

Item 7 – Financial Statements

The audited consolidated financial statements of the Registrant as of and for the year ended December 31, 2013, as listed in the accompanying Index to Financial Statements and Supplementary Schedules, are filed as part of this Form 17-A.

The financial statements attached to the report include the audited balance sheets, statements of income, statements of changes in equity, statements of cash flows and the notes to the financial statements. Such reports form part of our attachment to our SEC Annual Report Form 17-A.

Item 8 – Independent Public Accountants

(a) Audit and Audit-Related Fees

There were no disagreements with the auditors with respect to accounting principles and practices, financial disclosures, or auditing scope or procedures.

As in 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.

(b) Tax Fees

There were routinary 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.

In 2013, Tagaytay Properties Holdings Corporation engaged the services of Isla Lipana & Co. , the Company's external auditors, to render its opinion on the sale of lots located in Tagaytay for a fee of P130,000.

(c) All Other Fees

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

(d) Company Policy in Appointment of Independent Auditor

The President and the Treasurer recommend to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. The Board of Directors approves their recommendation.

PART III -- CONTROL AND COMPENSATION INFORMATION

Item 9 – Directors and Executive Officers

A. **DIRECTORS** – The names, ages, terms of office, business experience for the last five years, directorship in other companies of the directors of the Registrant are as follows:

Atty. Roberto V. San Jose, Director, Chairman of the Board - He was elected Chairman of the Board in 2003, or for more than 5 years now. He has been a member of the Board of Directors as early as 1991, or for more than five years now. He is a consultant of the Castillo Laman Tan Pantaleon & San Jose Law Offices and a Director or Officer of the following companies: Anglo Philippine Holdings Corporation, Alsons Consolidated Resources Corporation, Philweb Corporation, CP Group of Companies, Carlos Palanca Foundation, Inc., MAA Consultants, Inc., Solid Group Inc., United Paragon Mining Corporation, The Metropolitan Club, Inc. and various client corporations of their law firm. Attorney San Jose, a Filipino, is 72 years old.

Esteban G. Peña Sy, Director and President - He was elected as Director and President on Nov. 1, 2006 and has served as such for more than three years now. He graduated from the University of the Philippines in 1968 with the degree of A.B. Economics and completed the Program for Management Development at Harvard Business School in 1982. He was the Managing Director of Pan Asian Management Ltd. And AI Financial Services Ltd., which are management and investment consultancy firms based in Hongkong, and Pan Asian Oasis Telecom Ltd. that operates joint venture factories engaged in the manufacture of communication and fiber optic cables in China. His previous work experience includes the following: Asst. Secretary General of the Federation of Filipino-Chinese Chambers of Commerce and Industry from 1971 - 1979 and Executive Director from 1980-1986; various positions in the Ayala Group of Companies from 1979-1984. Mr. Peña Sy, a Filipino citizen, is 67 years old.

Wong Peng Chong, Director - Mr. Wong Peng Chong is currently a director of IRC Properties, Inc. and an executive director of COL Capital Limited. Mr. Wong is also an executive director and vice-president of Shanghai Allied Cement Limited. Upon his graduation from the University of Malaya in 1967 with a degree of Bachelor of Arts (Honours), 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 directorships in publicly listed companies in Hong Kong, Malaysia and the Philippines. Mr. Wong, a Malaysian citizen, is 70 years old.

Atty. Delfin P. Angcao, Corporate Secretary - He holds the position since 1995, or for more than five years now. 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 namely: United Paragon Mining Corporation, The Manila Southwoods Golf & Country Club, Inc., and Golden Valley Exploration Corporation. 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, Director and Assistant Corporate Secretary – She holds the position of Assistant Corporate Secretary since 1999, or for more than five years now. She held the position of a director for seven years, or from 1999 to October 31, 2006, and then 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 – Mr. Kong Muk Yin, 48 years old, is a graduate of the City University of Hongkong with a bachelor's degree in Business Studies. He is a fellow member of the Association of Chartered Certified 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, China Vision Media Group Ltd. and APAC Resources Ltd.

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 two years now. Mr. Supeña, a seasoned banker who previously held various key positions in Land Bank of the Philippines and Bank of the Philippine Islands, is currently a Consultant of Land Bank of the Philippines and a Board Member of LBP Leasing Corporation. 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 five years now. 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

INDEPENDENT DIRECTORS

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.

On May 20, 2008, the stockholders and the board of directors of the Company have 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 yet to be filed with and approved by the SEC.

B. EXECUTIVE OFFICERS/CONTROL PERSONS

Esteban G Peña Sy, President - See foregoing Director's Profile.

Araceli C. Molina, Corporate Treasurer & Chief Financial Officer – effective August, 2004. An MBA graduate of De La Salle University, a Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants, she has been for several years connected with listed companies such as Vulcan Industrial and Mining Corporation, A Brown Company, etc.. Her past affiliations 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. She started her career with Sycip, Gorres, Velayo & Co. (SGV) as staff auditor. 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 (1) year and to serve as such until their successors are elected and qualified.

None of the directors and officers of the Company was involved in the past five years in any bankruptcy proceeding. Neither have they been 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.

No directors and officers are related to the extent of the fourth civil degree either by consanguinity or affinity.

There is no other person aside from those listed under Directors and Executive Officers who makes a significant contribution to the business.

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

Item 10 – Executive Compensation

DIRECTORS

The Directors receive P3,000 as per diem transportation allowance for every board meeting. The Compensation and Remuneration Committee studies the just compensation for the work performed by the Board as Directors. None of the Directors has been contracted and compensated by the Registrant other than those provided as a Director.

EXECUTIVE OFFICERS

The annual compensation of the Company's executive officers for the last two (2) fiscal years and the ensuing year 2014 (estimate) are as follows:

Executive Officer	Position	Salary			Bonus	Other Annual Compensation
		2014 (Estimate)	2013	2012		
Esteban G. Peña Sy	President					
Araceli C. Molina	Treasurer					
Total of above named officers and Directors as a group		P4.45M	P4.42M	P4.40M	None	None

The Company has only two officers who receive fixed monthly compensation income.

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

Item 11 – 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 December 31, 2013:

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	Prokey Investment Ltd.** c/o Mabuhay Holdings Corporation: 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223	Esteban G. Peña Sy, President of Registrant	Filipino	351,289,763	29.27
Common	PCD Nominee Corporation* G/F MSE Building 6767Ayala Avenue, Makati City	B. A. Securities *	Foreign	331,112,000	27.59
Common	PCD Nominee Corporation* G/F MSE Building 6767Ayala Avenue, Makati City	B. A. Securities*	Filipino	60,039,106	5.00
TOTAL				742,440,869	61.86

* This bank is the only participant under the PCD that owns 5% or more of the Company's voting stock. While in the past year, Mr. Esteban G. Peña Sy or Atty. Roberto V. San Jose, the Chairman of the Meeting was appointed proxy for 389,832,000 shares in the name of B. A. Securities, Inc., Registrant is not 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 record/beneficial (R/B) owners of the Registrant's shares as indicated opposite their names as of December 31, 2013:

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	600	600	R & B	Filipino	0
Common	Esteban G. Peña Sy	353,299,813	353,299,813	R & B	Filipino	29.44
Common	Delfin P. Angcao Director/Corp. Secretary	691	691	R & B	Filipino	0
Common	Steven G. Virata Director	100	100	R	Filipino	0
Common	Rodrigo B. Supena	50	50	R	Filipino	0
Common	Ana Maria A. Katigbak Director/Asst. Corp. Secretary	50	100	R	Filipino	0
Common	Wong Peng Chong	50	50	R	Malaysian	0
Common	Kong Muk Yin	50	50	R	HK Chinese	0
Common	Araceli C. Molina, Treasurer	50	50	R	Filipino	0
TOTAL		351,290,863	351,290,863			29.44

Item 12 – Certain Relationships and Related Transactions

There are no related party transactions other than those presented in Note 19 of the Notes to Consolidated Financial Statements attached herein.

PART IV – CORPORATE GOVERNANCE

Item 13 – Compliance with Leading Practice on Corporate Governance

The Company is committed to good corporate governance and continues to pursue efforts towards attaining full compliance with its Manual on Corporate Governance.

The Company has designated its VP-Treasurer and Chief Financial Officer, Ms. Araceli C. Molina, as Compliance Officer who is tasked with monitoring compliance with the provisions and requirements of the Company's Manual on Corporate Governance.

The Company progressively develops a plan and timetable for compliance with certain leading practices and principles of good corporate governance, such as structured monitoring of compensation, benefits, succession planning and continuous training for management and key personnel on the leading practices of good corporate governance.

PART V -- EXHIBITS AND SCHEDULES

Item 14 – Exhibits and Reports on Form 17-C

A. Exhibits -- The exhibits, as indicated in the Index to Exhibits, are either not applicable to the Company or require no answer.

B. Report on SEC Form 17-C

The following current reports have been reported by Mabuhay Holdings Corporation during the year 2012 through official disclosure letters dated:

Date	Disclosures
August 30, 2013	Election of Directors for the term 2013-2014
	Appointment of Isla Lipana & Co. as external auditors
	Election of Officers and Corporate Governance Committee Members

C. Reports under SEC Form 17-C as amended (during the last 6 months): None

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporate Code, this report is signed on its behalf by the issuer by the undersigned, thereunto duly authorized, in the City of Makati, on April 17, 2014.

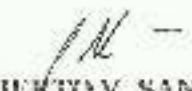
MABUHAY HOLDINGS CORPORATION

Issuer

Pursuant to the requirements of the Securities Regulation Code, this annual report has been signed by the following persons in the capacities and on the dates indicated:

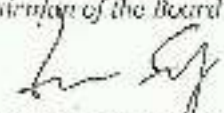
By:

Board of Directors and Officers:




ROBERTO V. SAN JOSE

Chairman of the Board




ESTEBAN G. PINA SY

Director and President



DELFIN P. ANGCAO

Corporate Secretary



ARACELI C. MOLINA

Treasurer and Chief Financial Officer

REPUBLIC OF THE PHILIPPINES
MAKATI CITY

)
)

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

Affiant	CIC No./ Passport No.	Date of Issue	Place of Issue
Roberto V. San Jose	EB6078962	August 03, 2012	Manila
Estephan G. Peña Sy	EB9453889	October 25, 2013	Manila
Delfin P. Angcao	EB4959861	March 16, 2012	Manila
Araueli C. Molina	EB6277353	September 06, 2012	Manila

Doc. No. 368
Page No. 15
Book No. XIX
Series of 2014

ATTY. GERVACIO B. ORTIZ JR.
NOTARY PUBLIC, City of Makati
Term Expires 31, 2014
IBP No. 656155-Lifetime Member
PCA Compliance No. 03-0014282
Appointment No. M-199-(2013-2014)
PTA No. 4228505 Jan. 2, 2014/Makati
Place No. City Roll No. 40091
105 Laran Ave., Brgy. Pio del Pilar,
Makati City

MABUHAY HOLDINGS CORPORATION

INDEX TO EXHIBITS SEC FORM 17-A

Plan of Acquisition, Reorganization, Arrangements, Liquidation or Succession	*
Instruments Defining the Rights of Security Holders, Including Indentures	*
Voting Trust Agreement	*
Material Contracts	*
Annual Report of Security Holders, Form 17-Q or Quarterly Report to Security Holders	*
Report Furnished to Security Holders	*
Subsidiary of the Registrant	Page 23
Published Report Regarding Matters Submitted to Vote of Security Holders	*
Consents of Experts and Independent Counsel	*
Power of Attorney	*
Additional Exhibits	*

* Either not applicable to the Company or requires no answer

SUBSIDIARIES OF THE REGISTRANT

The following are the subsidiaries of the Registrant over which it exercises considerable control:

A. Wholly-owned subsidiaries

T & M Holdings, Incorporated
M & M Holdings Corporation

B. Others

<u>Subsidiary</u>	<u>Ownership</u>
The Taal Company, Incorporated (TTCI)	29.97
Tagaytay Properties and Holdings Corporation	26.04
Mindanao Appreciation Corporation	28.51
The Angeles Corporation	38.46
IRC Properties, Inc.	37.69 (direct and indirect thru T&M Holdings Inc.)

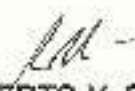
MABUHAY HOLDINGS CORPORATION

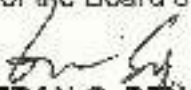
STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


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

Doc. No. 348
Page No. 1
Book No. XX
Series of 2014

ATTY. GERVAZIO R. ORTIZ JR.
NOTARY Public City of Makati
Until December 31, 2014
IDP No. 656155-Lifetime Member
MCLE Complied No. 117-0019282
Appointed No. M-198-(2013-2014)
PIR No. 4025505 Jan. 2, 2014/Makati
Makati City Roll No. 40001
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.



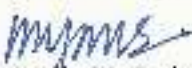
Isla Lipana & Co.

Independent Auditor's Report
To the Board of Directors and Shareholders of
Mabuhay Holdings Corporation and Subsidiaries
Page 2

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 0035-AR-3, Category A; effective until January 17, 2016
SEC A.N. (firm) as general auditors 0009-PR-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



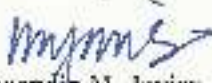
Isla Lipana & Co.

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.


Cherrylin M. Javier
Partner

CPA Cert. No. 68556

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

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

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

T.L.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., 29th Floor, Philamlife Tower, 8767 Pason de Baza, 1226 Makati City, Philippines
T: 163 (2) 845 3728, F: 163 (2) 845 2806, www.pwc.com/ph

Isla Lipana & Co. is the Philippine member firm of PwC. PwC refers to the Philippine member firm, and may consist of one or more of the PwC network's member firms in a separate legal entity. Please see www.pwc.com/structure for further details.

Mabuhay Holdings Corporation and Subsidiaries

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

	Notes	2013	2012
<u>ASSETS</u>			
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
<u>LIABILITIES AND EQUITY</u>			
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)
Total equity		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				
	Share capital (Note 15)	Treasury shares (Note 15)	Deficit	Non-controlling interest	Total
Balances at January 1, 2011	939,484,053	(61,782,864)	(189,071,139)	81,336,509	769,966,559
Comprehensive income					
Net income for the year	-	-	31,842,298	5,061,069	36,903,367
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					
Net income for the year	-	-	79,527,097	2,733,833	82,260,930
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	79,527,097	2,733,833	82,260,930
Transactions with owners					
Collection of unpaid subscriptions	15,550,000	-	-	-	15,550,000
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					
Net income for the year	-	-	74,219,926	(23,724,732)	50,495,194
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	74,219,926	(23,724,732)	50,495,194
Transactions with owners					
Disposal of treasury shares	3,155,000	-	-	(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.

(6)

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, 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

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
	37.49%;			
Balance, December 31	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	746.69
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
		97,435,360	66,915,071

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 19 - 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, TTCI, 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			
	Transactions	Outstanding balances	Terms and conditions
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, TTCI, 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			✓

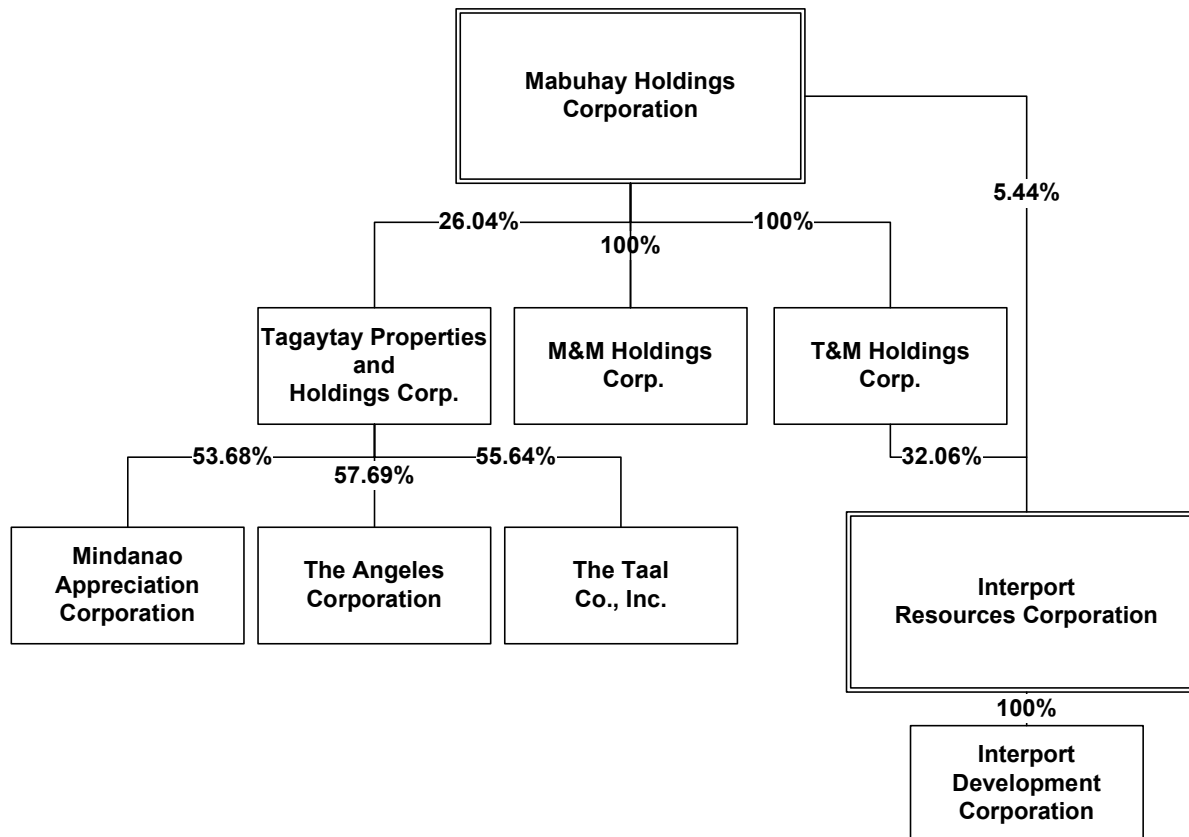
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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS			Not Adopted	
SIC-32		Adopted	Not Adopted	Not Applicable
	Intangible Assets - Web Site Costs			✓

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”.

Mabuhay Holdings Corporation and Subsidiaries
 Map of the Group of Companies within which the Reporting Entity Belongs
 December 31, 2013



Mabuhay Holdings Corporation and Subsidiaries

Schedule A. Financial Assets
December 31, 2013

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at balance sheet date	Income received and accrued
Various	Various	1,926,384	1,926,384	Nil

Mabuhay Holdings Corporation and Subsidiaries

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and
Principal Stockholders (Other Than Related Parties)
December 31, 2013

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
NONE							

Mabuhay Holdings Corporation and Subsidiaries

Schedule C. Amounts Receivable from Related Parties which are Eliminated
during the Consolidation of the financial statements
December 31, 2013

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Non-current	Balance at end of period
Mindanao Appreciation Corporation	1,251,464	49,372	-	-	1,300,836	-	1,300,836
Mabuhay Holdings Corporation	93,330,700	32,045	-	-	93,362,745	-	93,362,745
M&M Holdings Corporation	100,322	40,180	-	-	140,502	-	140,502
The Angeles Corporation	10,916,121	56,877	-	-	10,972,998	-	10,972,998
T&M Holdings, Inc.	573,763,775	8,145,420	-	-	581,909,195	-	581,909,195
Tagaytay Properties Holdings Corporation	25,482,868	-	2,517,715	-	22,965,153	-	22,965,153
The Taal Company, Inc.	135,067	189,502	-	-	324,569	-	324,569
Total	704,980,317	8,513,396	2,517,715	-	710,975,998	-	710,975,998

Mabuhay Holdings Corporation and Subsidiaries

Schedule D. Intangible Assets - Other Assets
December 31, 2013

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
		NONE				

Mabuhay Holdings Corporation and Subsidiaries

Schedule E. Long-term debt
December 31, 2013

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet"
	NONE		

Mabuhay Holdings Corporation and Subsidiaries

Schedule F. Indebtedness to related parties (Long-term loans from Related Companies)
December 31, 2013

Name of related party	Balance at beginning of period	Balance at end of period
NOT APPLICABLE		

Mabuhay Holdings Corporation and Subsidiaries

Schedule G. Guarantees of Securities of Other Issuers
December 31, 2013

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
NOT APPLICABLE				

Mabuhay Holdings Corporation and Subsidiaries

Schedule H. Capital Stock
December 31, 2013

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
COMMON SHARES	4,000,000,000	1,200,000,000	-	10,629,400	1,050	1,189,369,550