MABUHAY
HOLDINGS CORPORATION

April 17, 2009

NOEL B. DEL CASTILLO
OIC, Disclosure Department
4/F The Philippine Stock Exchange, Inc.
PSE Centre, Exchange Road
Ortigas Center, Pasig City

Re: **Annual Report**

Gentlemen:

Enclosed is the Annual Report (SEC 17-A) of Mabuhay Holdings Corporation for the year ended December 31, 2008. The main difference(s) of the attached report with the earlier one we submitted are:

a. Inclusion of Corporate Governance
b. Certain Relationships and Related Transaction
c. Changes in the Supplementary Schedules

We trust you will find the report in order.

Very truly yours,

ARACELI C. MOLINA
Treasurer and Finance Manager

35/F, Rufino Pacific Tower, 6784 Ayala Avenue Makati City 1223, Philippines
Tel. (632) 750-2000 Fax (632) 751-0773

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SEC Registration Number

MABUHAY HOLDINGS CORPORATION

(Company's Full Name)

35/F RUFINO PACIFIC TOWER
6784 AYALA AVENUE
MAKATI CITY

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

ARACELI C. MOLINA	750-2000
Contact Person	Company Telephone Number

1 2	3 1	SEC 17-A	0 5	
Month	Day	FORM TYPE	Month	Day
Fiscal Year			AnnualMeeting	

n/a

Secondary License Type, If Applicable

SEC	
Dept Requiring this Doc	Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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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, 2008**
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: __________
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**

11. Are any or all of these securities listed on a Stock Exchange.

    Yes [ ] No [ ]

    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 [ ] No [ ]

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

    Yes [ ] No [ ]

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	412,291,363
Shares held by non-affiliates	787,708,637
Market price as of December 31, 2008	0.20
Aggregate market value of voting stock held by non-affiliates	**P315,083,455**

14. Documents incorporated by reference: **None**

Fiscal Year 2008 Form 17-A

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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 P939 million have been paid out of the P1.2 billion subscriptions.

The registrant currently holds office at 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223. Its last annual stockholders' meeting was on May 20, 2008 and the next will be on June 23, 2008.

As of December 31, 2008, 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. Its affiliates engaged in the property business have likewise experienced a slowdown in growth and development. The Group's main focus is to support the stock rights offering of its large associate, Interport Resources Corporation (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.

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 40.07% stake in Interport Resources Corporation (IRC).

2. M & M Holdings Corporation (M&MHC) (100%-owned by the Registrant)

Like T&MHI, M & M Holdings Corporation which was registered with the SEC on April 21, 1995, is a holding company engaged in the business of acquiring and disposing of interests in real and personal properties of any kind or description, marketable securities and shares of stocks. Currently, M&MHC has no substantial property except for some advances to its parent company, and a minimal amount of cash.

3. Shiun-Tung Investment Co., Ltd. (SICL) (100%-owned by the Registrant)

Shiun-Tung Investment Co., Ltd., a Taiwan-based investment company, was acquired by the Registrant on March 4, 1999. It has a substantial amount of investments in First Steamship Co., Ltd., a medium-sized shipping company. The Company was incorporated on August 20, 1993**.** The Registrant acquired said company for the purpose of increasing its shares in First Steamship Co., Ltd.

4. Interport Resources Corporation (IRC) (40%-owned by the Registrant thru T&M Holdings, Inc.)

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 and an 896-hectare island located in Barangay Bintuan, Coron, Palawan known as Apo Island.

5. 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.

6. 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.

7. 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).

8. 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. It owns about 3.14 hectares of property in General Santos City.

B. FOREIGN SALES.

With the disposal of the Company's investment in Shiun Tung, this is no longer 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., Mindanao Appreciation Corporation, T & M Holdings, Inc. and Interport Resources Corporation each hold an inventory of real properties in strategic locations like Tagaytay City, Batangas, Cavite, Gen. Santos City and Binangonan. The aggregate landholdings of the Registrant's investees easily run to 3,029 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, 2008, The Registrant has 7 employees, all rendering administrative services. Of the Company's 7 employees, 4 render support services: 2 for accounting/bookkeeping work and 2 doing office services functions while the other 3 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	Interport Resources Corp.	2,200 has. *	Binangonan, Rizal
Apo Island	Interport Resources Corp.	896 has	Apo Island, Palawan
Olalia	Tagaytay Properties and Holdings Corp.	20,459 sq. m	Tagaytay City
Mariano	Tagaytay Properties and Holdings corp.	22,500 sq. m	Tagaytay City
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
Gen. Santos	Mindanao Appreciation Corp.	31,364 sq. m	Gen. Santos City
35F Rufino Tower (office condo unit)	Mabuhay Holdings Corp.	886 sq. m**	Ayala Avenue, Makati City

* 121 hectares have been attached/mortgaged by a party to cover its liabilities.

** The entire 35th Floor is being leased out to third parties until June, 2008. Starting June, only half of the 35th Floor was leased out and the other half was renovated for office use of the Registrant and its associate, Interport Resources Corporation. The Registrant moved to its new office in November, 2008.

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.

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 2008. The last meeting of the Registrant's stockholders was the annual stockholders' meeting, which was held on May 20, 2008. In that meeting, the stockholders elected the directors for 2008. Messrs. J. Marsh Thomson and Steven G. Virata 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. On March 31, 2009, due to the untimely demise of Mr. J. Marsh Thomson, the Board of Directors, upon recommendation of the Nomination Committee, elected Mr. Rodrigo B. Supeña as replacement of Mr. J. Marsh Thomson for the remainder of his term as independent director.

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, 2008, MHC has received P194.7 million as deposits for future stock subscription.

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

Stock Prices. The shares of MHC traded along the following bands during 2008 and 2007:

	2008		2007	
	High	Low	High	Low
First Quarter	0.42	0.28	0.87	0.32
Second Quarter	0.42	0.26	0.80	0.49
Third Quarter	0.30	0.19	0.80	0.52
Fourth Quarter	0.20	0.07	0.69	0.40

The listed price of MHC shares as of April 7, 2009 is P0.18.

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, 2008 total two hundred seventy three (273) in number, broken down as follows:

Citizen	No. of shares	Percentage	No. of Holders
Filipino	721,315,725	60.11	251
American	1,008,000	.08	8
Chinese	545,000	.05	3
Other Alien	477,131,275	39.76	3
Total	**1,200,000,000**	**100.00**	**265**

Top 20 Stockholders as at December 31, 2008 all holding Common Stock**:**

Name of Stockholder		No. of Shares Held	Percentage
1.	PCD Nominee Corporation	457,687,486	38.14
2.	Prokey Investments Ltd.	351,289,763	29.27
3.	PCD Nominee Corporation	124,841,512	10.40
4.	Mindanao Appreciation Corporation	10,183,000	0.85
5.	Belson Securities, Inc.	9,430,000	0.79
6.	Lim, Edward	5,901,000	0.49
7.	Castor, Arsenia Sonia	5,000,000	0.42
8.	Chua, Andy &/or Gemma	1,720,000	0.14
9.	.Avesco Marketing	1,600,000	0.13
10.	Seng Chay Lee	1,324,000	0.11
11.	Four Treasures Development Corp	1,200,000	0.10
12.	Yan, Lucio W.	1,000,000	0.08
13.	Khoe, Valentin Khoe and/or Valentina Annette Lisa	1,000,000	0.08
14.	New World Securities Co., Inc.	1,000,000	0.08
15.	Prosperity Taxi Cab Corporation	1,000,000	0.08
16.	Century Sports Philippines	812,000	0.07
17.	Zosa, Rolando M..	800,000	0.07
18.	Uy, Samson	700,000	0.06
19.	Mendoza, Alberto	650,000	0.05
20.	Sy, Siliman	546,000	0.05

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 Group's main focus is to support the stock rights offering of its large associate, Interport Resources Corporation (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.

The Group does not anticipate heavy requirement for working capital in 2009 given that its focus is mainly to ensure successful site clearance and future development activities of its major associate, Interport Resources Corporation (IRC) , which is 40.07% owned by the Company. IRC, is in the process of completing certain regulatory requirements so that it can raise additional P600 million capital through a stock rights offering. This program is expected to be completed by June 2009.

2008

Total assets decreased by P448M or 57% mainly due to the disposal of its investment in Shiun Tung. Total liabilities and total equity likewise decreased by P22M and P426M respectively for the same reason.

Operating revenues increased by P.24M or 7% due to increase in rental income. Operating expenses increased by P7.6M or 28% mainly due to the incurrence of bad debt expense of P12.3M, impairment losses of P1.1M, increase in professional fees of P4.4M offsetted by a P10.4M reduction in Other expenses.

The Registrant's operations for 2008 resulted in a net income of P79.2M vs. a loss of P27.2M in 2007 due to the sale of its investment in Shiun Tung allowing it to have a gain on sale of

P39.7M and a recovery of impairment losses of 68.1M. However, the Registrant shared equity losses of its associates amounting to P9.6M.

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

	Dec. 31, 2008*	**Dec. 31, 2007***	**Dec. 31, 2006***
Return on Capital Employed	.24	nil	nil
Net Profit Ratio	21.72	nil	nil
Current ratio	2.91	1.21	1.20
Acid test	.08	.07	.09
Earnings (loss) per share	.0704	(. 0225)	(.0024)

*****Audited

Notes:

1.) Return on Capital Employed is derived at by dividing Net Income by Total Assets less Current Liabilities.

2.) Net Profit Ratio is computed by getting the ratio of Consolidated Net Income (Loss) to Total Revenues.

3.) Current Ratio is expressed as Current Assets : Current Liabilities.

4.) Acid Test Ratio is expressed as Total of Cash on hand and in banks + Financial assets at fair value : Current Liabilities.

5.) Earnings (loss) per share is arrived at by dividing the Consolidated Net Income (Loss) over the total no. of shares subscribed and outstanding.

Material Changes in the Financial Statements (2008 vs. 2007)

11% decrease in Financial assets at fair value through profit and loss – mainly due to fair value adjustment.

97% increase in Notes and other receivables, net – mainly due to increase in interest bearing advances to IRC for 2008 amounting to P110M inclusive of interest coupled with the net effect of the sale of Shiun Tung investment amounting to P41M and reduced by the cancellation of subscription with the amount previously received as deposits applied against the Group's advances to concerned stockholders amounting to P47M.

42% increase in Prepayments – mainly due to increase in Input VAT and prepaid taxes.

100% decrease in Available-for-sale securities – mainly due to the sale of the Registrant's investment in Shiun Tung.

20% decrease in Investments in associates – due share in equity losses of associates.

309% increase in Property and equipment – due to the acquisition of Furniture, fixtures, office and communication equipment and Construction in progress pertaining to the renovation of the office of the Registrant (see Note 11 of Notes to Financial Statements).

6% decrease in Investment Properties – due to the annual depreciation of the Rufino Pacific Tower condominium units.

19% increase in Borrowings – due mainly to the additional borrowings carrying an interest of 18% per annum.

44% decrease in Trade and Other Payables – due mainly to the effect of the sale of Shiun Tung investment.

19% decrease in Deposits for Future Subscriptions – due to the cancellation of subscription with the amount previously received as deposits applied against the Group's advances to concerned stockholders.

100% decrease in Accumulated Translation Adjustments – due to the sale of the investment in Shiun Tung.

100% decrease in Revaluation Reserves – due to the sale of the investment in Shiun Tung that holds the First Steamship shares.

2007

The year 2007 saw the Philippine economy expand at a GDP growth of 7.3 percent, its highest in 31 years. Contributing much to this boom was the real estate sector. While the US housing market, especially the sub-prime housing sector, has been spiraling downwards, growth in the Philippine real estate industry has picked up speed with property firms registering record sales this year. However, some institutions believe that this feat will be difficult to replicate in 2008 as the Philippines faces three major challenges: the growing risks of US recession; the rapid rise of the peso; and the escalating prices of oil in the world market. The key challenge lies in mitigating the impact of these risks. Nonetheless, the Company's Management believes that the upward trajectory in the real estate industry can be sustained in 2008. Hence in late 2007, it reopened doors to seriously indulge in full blast development of one of its affiliate firm, Interport Resources Corporation, a Company that owns considerable real estate properties in Binangonan and Apo Island in Palawan. To finance this project, the Company intends to raise capital through loans and/or rights offering.

Compared with last year, total assets increased by P252.5M mainly due to the increase in value of the First Steamship shares of stock included in the available for sale securities account in the balance sheet. The unrealized gain of such shares was lodged in the equity account. Total liabilities decreased by P1.1M mainly due to the elimination of the deferred tax liability. Revenues rose by P.8M due to the full occupancy of the Rufino property coupled with higher rental rates. Losses and expenses went up by P6.4M or 31% due to the increase in salaries and benefits of the officers and employees, particularly that of the new president , partly offsetted by the non- recurrence of loss on investment suffered last year.

Material Changes in the Financial Statements (2007 vs. 2006)

46% decrease in Cash and 74% increase in Financial assets at fair value through profit and loss – mainly due to the purchase of publicly listed local stocks.

89% increase in Available-for-sale securities – mainly due to the increase in market price of First Steamship shares of stocks.

29% increase in Property and equipment – due to the acquisition of company car.

6% decrease in Investment properties – due to the sale of a property in Batangas.

82% decrease in Other non-current assets – mainly due to the elimination of the excess over book value of Mindanao Appreciation Corporation lodged in other non-current assets account.

14% increase in Interest-bearing loans and borrowings – due to incurrence of a P6M loan from Hongkong offsetted by amortization payments of the loan from Taiwan bank amounting to P2.8M

2006

Total assets increased by P234.9M compared to the previous year basically due to the substantial increase in the market price of the Financial Assets at Fair Value through Profit and Loss. These assets consist mainly of shares of stocks of First Steamship Co. Ltd publicly traded in the Taiwan Stock Exchange Corporation and of Philippine Realty Corporation publicly listed in the Philippine Stock Exchange.

Total liabilities decreased by P3.4M due mainly to the reversal of the Company’s deferred tax liability relating to unrealized foreign exchange losses amounting to P7.5M in 2006.

Material Changes in the Financial Statements (2006 vs. 2005)

339% increase in Cash – mainly due to the proceeds of sale of Philippine Realty stocks and sale of lots.

490% increase in Financial assets at fair value through profit and loss – mainly due to the increase in market price of First Steamship shares of stocks and Philippine Realty stocks.

97% decrease in Available-for-sale securities – mainly due to the write-off of investments in NJR Realty and Holdings Corporation.

62% decrease in Deferred tax liability – due to the reversal of temporary differences pertaining to foreign currency loss.

Item 7 – Financial Statements

The audited consolidated financial statements of the Registrant as of and for the year ended December 31, 2008, 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

The Registrant changed its external auditors from Sison Corillo Parone & Co. in 2007 to Isla, Lipana & Co. in 2008 due to the downgrading of the former to Classification B by the SEC.

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 P.7M for the last two (2) calendar years ending December 31, 2008 and 2007.

(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, 2008 and 2007. The fees for these services are included in the Audit and Audit-Related Fees mentioned above.

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

(c) All Other Fees

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

(d) Company Policy 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 – ***All directors' term of office is for one (1) year.***

Atty. Roberto V. San Jose, Director, Chairman of the Board— He was elected Chairman of the Board in 2003. He has been a member of the Board of Directors 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 67 years old.

Esteban G. Peña Sy, Director and President He was elected as Director and President on Nov. 1, 2006**.** 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 61 years old

Seng Chay Lee , Director– He is a graduate of Monah University (Australia) with a Bachelor of Science degree. In the past he has managed a number of companies in Malaysia and Hongkong and engaged in a wide variety of businesses. He has been connected with the Company since 1995 and has been the Vice-President since 1998 and President from 1999 up to October 31, 2006. Mr. Lee, a Malaysian citizen, is 51 years old.

Atty. Delfin P. Angcao, Director and Corporate Secretary—holds the position for more than five years. Currently 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. He is or has been elected as director and/or Corporate Secretary of various client corporations of CLTPSJ namely: Ajo.net Holdings, Inc., United Paragon Mining Corporation, Philcomsat Holdings Corporation, 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 51years old.

Atty. Ana Maria A. Katigbak, Assistant Corporate Secretary -- holds the position since 1999. 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. She is also 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 39 years old.

J. Marsh Thomson, Director (+) – elected Director for more than five years. Treasurer and Co-Founder-College Assurance Plan; Managing Director, J. P. Rooney and Associates; Director, Bank of Commerce; Columbian Phils., Borden Phils., Camp John Hay Development Corporation and TAG Fibers, Inc**.** Mr. Thomson, an American citizen, who passed away in January, 2009, was 78years old.

Steven G. Virata, Director – joined the Company in 2001. 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; A director of C. Virata and Associates from 1998 to present, Resident Manager of Caylabne Bay Resort from June 2002 to present, Officer-in-Charge of LBC Airways, Inc. from 1994 to present, Farm Manager of Rancho Leonor from 1984 to present, Vice-President for Sales of Air Ads, Inc. from 1996 to 2001. He was elected last year and is expected to be nominated this year, as an independent director. Mr. Virata, a Filipino, is 51 years old.

INDEPENDENT DIRECTORS

In compliance with SEC Memorandum Circular No. 16, series of 2002 (now 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.	Roberto V. San Jose	Director member
2.	Steven G. Virata	Independent director member
3.	Agnes Marie R. Lopez-Villano	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.

Stockholders may recommend nominees for election as independent directors by submitting to the Company at its principal office address on or before May 18, 2009 the following:

1. Written recommendation signed by the nominating stockholder with the acceptance and the conformity of his nominee; and
2. Information about the nominee as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12.

Mr. J. Marsh Thomson and Mr. Steven G. Virata were elected as the Company's independent directors at the last annual stockholders' meeting held on May 20, 2008. With the untimely demise of Mr. J Marsh Thomson, the Board of Directors, in its meeting on March 31, 2009, upon the recommendation of the Nominations Committee, elected Mr. Rodrigo B. Supeña as the replacement of Mr. J Marsh Thomson as independent director for the remaining term of Mr. J Marsh Thomson. It is expected that for this year, Mr. Peña Sy will nominate Messrs. Steven G. Virata and Rodrigo B. Supeña as independent directors of the Company.

B. EXECUTIVE OFFICERS/CONTROL PERSONS

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

Araceli C. Molina, Corporate Treasurer/Finance Manager – effective August, 2004. Also acts as the Financial Manager of the group; a Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants, has been for several years connected with listed companies such as Vulcan Industrial and Mining Corporation, A Brown Company, etc**..** Her 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. Miss Molina, a Filipino, is 52 years old.

Atty. Agnes Marie R. Lopez-Villano, Personnel and Administration Manager since August 1996**.** Member, Integrated Bar of the Philippines; graduate of Bachelor of Laws, Lyceum of the Philippines, and Bachelor of Fine Arts, Far Eastern University; formerly Executive Assistant to the Director, Interport Resources Corporation; formerly Assistant to the Legal Counsel and Corporate Secretary of

STAR Group of Publications, publisher of The Philippine STAR. Atty. Villano, a Filipino, is 50 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 P1,000 as per diem transportation allowance for every board meeting.

EXECUTIVE OFFICERS

The annual compensation of the Company's executive officers for the last two (2) fiscal years and the ensuing year 2009 (estimate) are as follows:

Executive Officer	Position	Salary			Bonus	Other Annual Compensation
		2009 (Estimate)	2008	2007		
Roberto V. San Jose	Chairman of the Board					
Esteban G. Peña Sy	President					
Araceli C. Molina	Treasurer					
Agnes Marie R. Lopez-Villano	Personnel & Administration Manager					
Total of all above named directors & officers as a group		P3.73M	P3.55M	P3.45M	None	None

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

Directors and executive officers employed by the Company, receiving fixed monthly salary (*see table above*) are Mr. Esteban G. Peña Sy, Araceli C. Molina and Atty. Agnes Marie R. Lopez-Villano. The Company has only three officers.

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, 2008:

Title of Class	Name And Address Of Record Owner And Relationship With Issuer	Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	PCD Nominee Corporation* G/F MSE Building 6767Ayala Avenue, Makati City	Standard Chartered Bank*	Filipino	457,687,486	38.14
Common	Prokey Investment Ltd.** c/o Mabuhay Holdings Corporation: 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223	Strategic Asset Group Limited (SAGL)**	Other Alien	351,289,763	29.27
Common	PCD Nominee Corporation* G/F MSE Building 6767Ayala Avenue, Makati City	Citibank N.A. Citiomifor/Hongkong & Shanghai Banking Corp. Ltd. – Clients' Acct.	Other Alien	124,841,512	10.40
TOTAL				933,818,761	77.81

* Out of the total shares held by PCD, 294,898,000 shares are in the name of Standard Chartered Bank while 59,866,000 shares are in the name of Citibank N.A.-CITIOMNIFOR and 55,580,000 shares are under the name of Hongkong & Shanghai Banking Corp. Ltd. – Clients' Acct. These banks are the only participants under the PCD

that own more than 5% of the Company's voting stock. While in the past year, Atty. Roberto V. San Jose, the Chairman of the Meeting was appointed proxy for 294,548,000 shares in the name of Standard Chartered Bank, 58,850,000 shares in the name of Citibank N.A.- CITIOMNIFOR, and 55,580,000 shares in the name of Hongkong & Shanghai Banking Corp. Ltd., 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 wholly-owned subsidiary of Strategic Asset Group Limited (SAGL), the latter being the present beneficial owner of these shares, having acquired the same in 2002 from Mulpha International Berhad, the previous beneficial owner. SAGL is a private company incorporated in the British Virgin Islands. While in the past year, Atty. Roberto V. San Jose, the Chairman of the Meeting has been designated as proxy entitled to vote for these shares, Registrant is not aware of the identity of its new proxy, if any, entitled to vote for these shares at this year's annual stockholders' meeting.

(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, 2008:

Title of Class	**Nameof 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	P600	R & B	Filipino	0
Common	Esteban G. Peña Sy	100	100	B	Filipino	0
Common	Delfin P. Angcao Director/Corp. Secretary	100	100	R	Filipino	0
Common	J .Marsh Thomson(+) Director	102,000	102,000	R & B	American	0.01
Common	Steven G.Virata Director	100	100	R	Filipino	0
Common	Seng Chay Lee Director	1,324,000	1,324,000	B	Malaysian	.11
Common	Araceli C. Molina, Treasurer	50	50	R	Filipino	0
Common	Ana Maria A. Katigbak Director/Asst. Corp. Secretary	100	100	R	Filipino	0
Common	Agnes Marie L. Villano	50	50	R	Filipino	0
TOTAL		1,427,100	P1,427,100			0.12

Item 12 – Certain Relationships and Related Transactions

There are no related party transactions other than those presented in Note 20 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 Personnel and Administration Manager, Ms. Agnes Marie L. Villano, as Compliance Officer who is tasked with monitoring compliance with the provisions and requirements of the Company's Manual on Corporate Governance.

The Company is continuing to pursue efforts towards attaining full compliance with its Manual on Good Corporate Governance. The Company is presently developing 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 2008 through official disclosure letters dated:

February 20, 2008: Setting of 2008 annual Stockholders' Meeting, Record Date and Agenda.

May 20, 2008 : Election of the Board of Directors for the term 2008-2009; Approval of Amendment to the By-Laws inserting a new provision on independent directors; Appointment of external auditors for 2008; Election of Officers and Committee members.

July 10, 2008 : Authorizing advances to Interport Resources Corporation up to P100M at 18% interest per annum

August 6, 2008 : Formation of Celeborn Holdings Corporation, a wholly-owned subsidiary holding Corporation.

August 22, 2008 : Deed of Exchange (share swap agreement) between Celeborn Holdings Corporation and Shiun Tung Investment Co., Ltd.

November 27, 2008: Mabuhay extended a bridge loan to Interport Resources Corporation amounting to P100M at 18% interest per annum. Interport Resources Corporation leased a condominium unit from Mabuhay for office use. Mabuhay moved to its new office at 35/F, Rufino Pacific Tower, Ayala Avenue, Makati City on November 24, 2008. Mabuhay sold all its shares in Celeborn Holdings Corporation for P92.4M.

December 9, 2008: Authorizing additional bridge loan of up to P100M to Interport Resources Corporation at 18% interest rate.

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 14, 2009.

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. PEÑA SY
Director and President

DELFIN P. ANGCAO
Director and Corporate Secretary

ARACELI C. MOLINA
Treasurer

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY)

SUBSCRIBED AND SWORN TO before me, a Notary Public, for and in Makati City, this 15th day of April 2009, affiants exhibiting to me their Community Tax Certificates, as follows:

Affiant	CTC No./ Passport No.	Date of Issue	Place of Issue
Roberto V. San Jose	27202607	January 29, 2009	Makati City
Esteban G. Peña Sy	12389756	January 27, 2009	Makati Ctiy
Delfin P. Angcao	27202619	January 29, 2009	Makati City
Araceli C. Molina	20418123	January 17, 2009	Mandaluyong City

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Series of 2009

ATTY. GERVACIO B. ORTIZ JR.
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2009
PTR NO. 0017551-1/05/09 AT MAKATI CITY
IBP NO. 656155- LIFETIME MEMBER
APPT M – 84/2009 ROLL NO. 40091

MABUHAY HOLDINGS CORPORATION

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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	
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
Shiun-Tung Investment Company, Ltd. (sold in 2008)

B. Others

Subsidiary	Ownership
The Taal Company, Incorporated (TTCI)	29.97
Tagaytay Properties and Holdings Corporation	26.04
Mindanao Appreciation Corporation	28.51
The Angeles Corporation	38.46
Interport Resources Corporation	40.07 (thru T&M Holdings Inc.)

MABUHAY HOLDINGS CORPORATION

INDEX TO SUPPLEMENTARY SCHEDULES
SEC FORM 17-A

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Report of Independent Auditor on Supplementary Schedules 38

MABUHAY CORPORATION AND SUBSIDIARIES

Schedule A. Marketable Securities - (Investments in Listed Equity and Debt Securities)
December 31, 2008

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
NOT APPLICABLE				

MABUHAY CORPORATION AND SUBSIDIARIES

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and
Principal Stockholders (Other Than Related Parties)
December 31, 2008

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
Equityholder and others							10,387,861

MABUHAY CORPORATION AND SUBSIDIARIES

Schedule C. Current Marketable Equity Securities,
Other Long-term Investments in Stock, and Other Investments
December 31, 2008

Name of issuing entity and description of investments	Number of shares or principal amount of bonds and notes	Amount in Pesos	Equity in earnings (losses) of investees for the period	Other	Distribution of earnings by investees	Other	Number of shares or principal amounts of bonds and notes	Amount In Pesos	Dividends received from investments not accounted for by the equity method

NOT APPLICABLE

MABUHAY CORPORATION AND SUBSIDIARIES

Schedule D. Indebtedness of Unconsolidated Subsidiaries and Related Parties
December 31, 2008

Name of related parties	Balance at beginning of period	Balance at the end of period
	NOT APPLICABLE	

MABUHAY CORPORATION AND SUBSIDIARIES

Schedule E. Intangible Assets - Other Assets
December 31, 2008

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending
			NOT APPLICABLE			

MABUHAY CORPORATION AND SUBSIDIARIES

Schedule F. Long-Term Debt
December 31, 2008

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
		NOT APPLICABLE	

MABUHAY CORPORATION AND SUBSIDIARIES

Schedule G. Indebtedness to Related Parties (Long-term Loans from Related Companies)
December 31, 2008

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

MABUHAY CORPORATION AND SUBSIDIARIES

Schedule H. Guarantees of Securities of Other Issuers
December 31, 2008

Name of issuing entity of securities guaranteed by the company for which this statements 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 CORPORATION AND SUBSIDIARIES

Schedule I. Capital Stock
December 31, 2008

Title of issue	Number of shares authorized	Number of shares issued and outstanding at 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
See note 16 of the audited financial statements						

MABUHAY
HOLDINGS CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **MABUHAY HOLDINGS CORPORATION and Subsidiaries** is responsible for all information and representations contained in the financial statements for the years ended December 31, 2008 and 2007. The financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the company. Isla Lipana & Co., the independent auditors appointed by the Board of Directors, has examined the financial statements of the company in accordance with Philippine Standards on Auditing and has expressed its opinion on the faimess of presentation in accordance with Philippine Financial Reporting Standards upon completion of such examination, in its report to stockholders.

ROBERTO V. SAN JOSE
Chairman of the Board of Directors

ESTEBAN G. PEÑA SY
President

15 APR 2009

ARACELI C. MOLINA
Treasurer
(Also acting as the Company's Chief Financial Officer)

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY)

SUBSCRIBED AND SWORN TO before me, a Notary Public, for and in Makati City, this 15th day of April 2009, affiants exhibiting to me their Community Tax Certificates, as follows:

Affiant	CTC No./ Passport No.	Date of Issue	Place of Issue
Roberto V. San Jose	27202607	January 29, 2009	Makati City
Esteban G. Peña Sy	12389756	January 27, 2009	Makati Ctiy
Araceli C. Molina	19487890	January 17, 2009	Makati City

ATTY. GERVACIO B. ORTIZ JR.
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2009
PTR NO. 0017551-1/05/09 AT MAKATI CITY
IBP NO. 656155-LIFETIME MEMBER
APPT M-84/2009 ROLL NO. 40091

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Isla Lipana & Co.

Independent Auditor's Report

To the Board of Directors and Shareholders of
Mabuhay Holdings Corporation
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 balance sheet as of December 31, 2008, and the consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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. This responsibility includes: designing, implementing and maintaining internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 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 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 financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Mabuhay Holdings Corporation and its Subsidiaries as of December 31, 2008, and its financial performance and cash flows for the year then ended in accordance with Philippine Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 of the financial statements which indicates that the Group has incurred continuous losses in prior years and has an accumulated losses of P881,188,080. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Management plans in regard to this matter are also disclosed in Note 1 of the financial statements.

Other matters

The consolidated financial statements of the Group as of December 31, 2007 and the years ended December 31, 2007 and 2006, prior to the restatement described in Note 25 of the consolidated financial statements, were audited by other auditors whose report dated March 12, 2008 expressed an unqualified opinion on those statements and included an emphasis of matter that described the existence of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. We also audited the adjustments described in Note 25 of the consolidated financial statements to restate the 2007 and 2006 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied to the 2007 and 2006 financial statements. We were not engaged to audit, review, or apply any procedures to the 2007 and 2006 consolidated financial statements of the Group other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2007 and 2006 consolidated financial statements taken as a whole.

Isla Lipana & Co.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information on Schedules A, B, C, D, E, F, G, H, and I is presented for purposes of additional analysis and is not required part of the basic financial statements. Such information, as required by Securities Regulation Code (SRC) Rule 68.1 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

Roderick M. Danao
Partner
CPA Cert. No. 88453
P.T.R. No. 1579216, issued on January 13, 2009, Makati City
SEC A.N. (individual) as general auditors 0791-A
SEC A.N. (firm) as general auditors 0009-FR-1
TIN 152-015-078
BIR A.N. 08-000745-42-2008, issued on December 2, 2008, effective until December 2, 2011
BOA/PRC Reg. No. 142, effective until December 31, 2010

Makati City
April 15, 2009

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008
(With comparative figures as of December 31, 2007)
(All amounts in Philippine Peso)

	Note	2008	2007 (As restated)
ASSETS			
CURRENT ASSETS			
Cash on hand and in banks	6	3,830,325	4,011,569
Financial assets at fair value through profit or loss	7	2,968,347	3,338,111
Notes and other receivables, net	8	230,635,579	117,193,095
Prepayments		3,048,562	2,148,842
Total current assets		240,482,813	126,691,617
NON-CURRENT ASSETS			
Available-for-sale securities	9	35,803	551,237,611
Investments in associates, net	10	49,274,657	61,689,602
Property and equipment, net	11	5,843,267	1,427,441
Investment properties	12	35,586,581	37,707,034
Other non-current assets		129,903	131,189
Total non-current assets		90,870,211	652,192,877
Total assets		331,353,023	778,884,494
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Borrowings	13	30,296,477	25,525,100
Trade and other payables	14	39,019,726	69,463,274
Due to related parties		13,192,220	9,386,990
Subscriptions payable	15	2,500	2,500
Total current liabilities		82,510,923	104,377,864
EQUITY	16		
Capital attributable to Parent Company's equityholders			
Share capital		939,484,053	939,484,053
Treasury shares		(40,501,200)	(40,501,200)
Deposits on future subscriptions		194,695,275	241,620,861
Accumulated translation adjustments		-	5,332,917
Revaluation reserves		(589,589)	511,702,465
Deficit		(881,188,080)	(962,856,820)
		211,900,459	694,782,276
MINORITY INTEREST		36,941,641	(20,275,646)
Total equity		248,842,100	674,506,630
Total liabilities and equity		331,353,023	778,884,494

(The notes on pages 1 to 29 are an integral part of these financial statements.)

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2008
(With comparative figures for the years ended December 31, 2007 and 2006)
(All amounts in Philippine Peso)

	Note	2008	2007	2006
			(As restated)	
REVENUES				
Rental	12	3,648,283	3,374,990	2,549,239
Other		-	29,404	10,783
		3,648,283	3,404,394	2,560,022
EXPENSES				
Bad debts expense	9	12,298,262	-	-
Professional fees		5,757,281	1,363,271	943,221
Salaries and employee benefits	24	3,145,910	2,954,045	1,559,819
Depreciation		2,333,864	2,304,690	2,179,642
Loss on sale of investment		-	-	5,084,834
Impairment losses		1,053,654	-	-
Others	7	10,075,097	20,441,745	10,885,149
		34,664,068	27,063,751	20,652,665
LOSS FROM OPERATIONS		31,015,785	(23,659,357)	18,092,643
OTHER INCOME (EXPENSES)				
Finance income, net	8	7,282,506	2,278,079	2,762,941
Equity in net income (losses) of associates	10	(9,639,704)	(7,259,260)	(10,569,164)
Fair value gain			-	4,498,346
Foreign exchange losses		4,995,694	-	-
Gain on sale of investment in subsidiary and investment property	9	39,738,748	-	4,494,504
Recovery of impairment losses	8	68,083,629	-	-
		110,460,873	(4,981,181)	(1,186,627)
INCOME (LOSS) BEFORE INCOME TAX		79,445,088	(28,640,538)	(16,906,016)
PROVISION FOR INCOME TAX		217,223	(1,462,424)	(2,368,688)
NET INCOME (LOSS) FOR THE YEAR		79,227,865	(27,178,114)	(14,537,328)
Attributable to:				
Minority Interest		(2,440,875)	(1,144,274)	(11,734,221)
Equityholders of the Company		81,668,740	(26,033,840)	(2,803,107)
		79,227,865	(27,178,114)	(14,537,328)
BASIC AND DILUTED (LOSS) INCOME PER SHARE		0.0704	(0.0225)	(0.0024)

(The notes on pages 1 to 29 are an integral part of these financial statements.)

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008
(With comparative figures as of December 31, 2007 and 2006)
(All amounts in Philippine Peso)

	Equity Holders							
	Share capital (Note 16)	Treasury shares	Deposits on future subscriptions (Note 16)	Accumulated translation adjustments	Revaluation reserves (Note 9)	Deficit (As restated) (Note 25)	Minority Interest	Total
Balances at January 1, 2006, as previously reported	939,484,053	(40,501,200)	241,620,861	(16,303,442)	(102,570)	(732,430,305)	(7,397,151)	384,370,246
Prior period adjustment	-	-	-	-	-	(201,589,568)	-	(201,589,568)
Balances at January 1, 2006, as restated	939,484,053	(40,501,200)	241,620,861	(16,303,442)	(102,570)	(934,019,873)	(7,397,151)	182,780,678
Income (loss) directly recognized in equity								
Currency translation adjustments	-	-	-	7,330,924	-	-	-	7,330,924
Fair value gain	-	-	-	-	245,525,224	-	-	245,525,224
loss for the year	-	-	-	-		(2,803,107)	(11,734,221)	(14,537,328)
Total recognized income and expenses for the year	-	-	-	7,330,924	245,525,224	(2,803,107)	(11,734,221)	238,318,820
Balances at December 31, 2006	939,484,053	(40,501,200)	241,620,861	(8,972,518)	245,422,654	(936,822,980)	(19,131,372)	421,099,498
Income (loss) directly recognized in equity								
Currency translation adjustments	-	-	-	14,305,435	-	-	-	14,305,435
Fair value gain	-	-	-	-	266,279,811	-	-	266,279,811
loss for the year	-	-	-	-	-	(26,033,840)	(1,144,274)	(27,178,114)
Total recognized income and expenses for the year	-	-	-	14,305,435	266,279,811	(25,781,565)	(1,144,274)	253,407,132

	Equity Holders							
	Share capital (Note 16)	Treasury shares	Deposits on future subscriptions (Note 16)	Accumulated translation adjustments	Revaluation reserves (Note 9)	Deficit (As restated) (Note 25)	Minority Interest	Total
Balances at December 31, 2007	939,484,053	(40,501,200)	241,620,861	5,332,917	511,702,465	(962,856,820)	(20,275,646)	674,506,630

(The notes on pages 1 to 29 are an integral part of these financial statements.)

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008
(With comparative figures as of December 31, 2007 and 2006)
(All amounts in Philippine Peso)

	Equity Holders							
	Share capital (Note 16)	Treasury shares	Deposits on future subscriptions (Note 16)	Accumulated translation of adjustments	Revaluation reserves (Note 9)	Deficit (As restated) (Note 25)	Minority Interest	Total
Balances at December 31, 2007	939,484,053	(40,501,200)	241,620,861	5,332,917	511,702,465	(962,856,820)	(20,275,646)	674,506,630
Cancellation of deposits of future subscriptions	-	-	(46,925,586)	-	-	-		(46,925,586)
ncome (loss) directly recognized in equity								
Other adjustments recognized in equity	-	-	-	-	-		59,658,162	59,658,161
Currency translation adjustments	-	-	-	(5,332,917)	-	-	-	(5,332,917)
Disposal of available for sale financial assets	-	-	-	-	(512,292,054)	-		(512,292,054)
income for the year	-		-	-	-	81,668,740	(2,440,874)	79,227,865
'otal recognized income and expenses for the year	-	-	-	(5,332,917)	(512,292,054)	81,668,740	(2,440,874)	(378,738,944)
3alances at December 31, 2008	939,484,053	(40,501,200)	194,695,275	-	(589,589)	(881,188,080)	36,941,642	248,842,100

(The notes on pages 1 to 29 are an integral part of these financial statements.)

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008
(With comparative figures as of December 31, 2007 and 2006)
(All amounts in Philippine Peso)

	Notes	2008	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		101,139,064	(28,388,263)	(16,906,016)
Adjustments for:				
Currency translation differences during the year		1,482,521	14,305,435	7,330,924
Equity in net losses of investees	9	23,509,878	17,740,740	(10,569,164)
Impairment losses		11,869,395	-	-
Fair value losses		-	4,337,155	4,565,881
Depreciation		2,322,497	2,304,417	2,179,642
Interest expense		2,910,511	1,200,886	626,597
Interest income		(10,191,736)	(3,478,965)	(3,389,538)
Gain on sale of investment properties		(1,712,444	-	(7,168,784)
Loss on sale of financial assets at fair value through profit or loss				2,674,280
Gain on sale of investment properties				245,457,689
Operating profit before working capital changes		84,309,930	32,769,130	224,801,511
Decrease (increase) in:				
Financial assets at fair value through profit or loss		-	968,751	(251,375,819)
Notes and other receivables		(154,558,030)	(250,246)	(239,122)
Prepaid expenses		(925,194)	(31,907)	(127,436)
Available-for-sale securities		-	-	5,017,299
Investment in associates		-	-	21,138,328
Other non-current assets		(1,031,502)	592,534	-
Increase (decrease) in:				
Trade and other payables		2,980,570	(3,490,782)	2,068,393
Borrowings		7,463,578	-	-
Cash generated from (used in) operations		(61,760,647)	30,557,480	1,283,154
Interest paid		-	(414,826)	(579,472)
Interest received		4,225,583	116,025	-
Cash paid for income taxes		-	(158,346)	(242,778)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		(57,535,064)	30,100,333	460,904
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from related parties, net		8,858,109	-	
Payments of interest-bearing loans and borrowing		-	3,174,609	
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		8,858,109	3,174,609	

(The notes on pages 1 to 29 are an integral part of these financial statements.)

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008
(With comparative figures as of December 31, 2007 and 2006)
(All amounts in Philippine Peso)

	Notes	2008	2007	2006
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment		(4,979,862)	(1,471,778)	7,845,455
Disposals		2,503,306	253,717	440,105
Net increase in securities		(1,118,517)	-	17,306
Disposal of investment in subsidiaries		52,090,784	-	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		48,495,711	(1,218,061)	(2,926,016)
NET INCREASE (DECREASE) IN CASH		(181,244)	(32,056,881)	
CASH				
January 1		4,011,569	7,436,170	5,744,004
December 31		3,830,325	4,011,569	1,692,166

(The notes on pages 1 to 29 are an integral part of these financial statements.)

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2008
(With comparative notes and figures as of December 31, 2007
and the years ended December 31, 2007 and 2006).
(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 disposition of investments in marketable securities, shares of stocks and real estate properties. The Parent Company is 29.3% owned by Prokey Investments Limited, a company registered in the British Virgin Island. 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.

The Company and its subsidiaries have no commercial operations as of December 31, 2008 and 2007. The subsidiaries' operations consist mainly of monitoring and maintenance of existing investments and recognition of interest income on their cash deposits in banks. The Parent Company, in addition to interest income on cash deposits in banks, earns revenue through rental of its condominium units and interest income on notes receivable from a related party.

The Group's main focus is to support the stock rights offering of its large associate, Interport Resources Corporation (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 Group has incurred accumulated losses amounting to P881.19 million and P962.9 million as of December 31, 2008 and 2007, respectively. Also, the recoverability of the Group's assets consisting mainly of notes and other receivables, available-for-sale securities, investments in associates and investment properties, as well as the Group's ability to settle its liabilities, are dependent upon the success of future operations of the Group and its associate, IRC. The management of the Parent 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. The outcome of these plans cannot be presently determined. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

The registered office of the Group is at 35/F Rufino Pacific Tower, Ayala Avenue, Makati City.

The consolidated financial statements have been approved and authorized for issue by the Board of Directors on April 15, 2009

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 both years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippines Accounting Standards (PAS), 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 available-for -sale financial assets and financial assets at fair value through profit or loss.

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 area 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 of the consolidated financial statements.

Standards, interpretations and amendments to published
standards effective beginning January 1, 2008 and onwards

(a) Standards, interpretations and amendments to published standards effective in 2008 and adopted by the Group

- *Amendments to PAS 39 and PFRS 7,* Reclassification of Financial Assets permit an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in rare circumstances or if the financial asset is no longer held for the purpose of selling or repurchasing it in the near term. Likewise, it also allows transfer from the available-for-sale (AFS) category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as AFS), if the entity has the intention and ability to hold that financial asset for the foreseeable future. For Philippine financial reporting purposes, an entity shall apply those amendments from July 1, 2008 and any reclassification of a financial asset made in periods beginning on or after November 15, 2008 shall take effect only from the date of reclassification. These amendments did not have an impact on the Group as no reclassifications of financial assets were made during the year.

(b) Interpretations effective in 2008 but are not relevant to the Company's operations

- *Philippine Interpretation IFRIC 14 - PAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective from January 1, 2008)
- *Philippine Interpretation IFRIC 11, PFRS 2, Group and Treasury Share Transactions* (effective from March 1, 2007)
- *Philippine Interpretation IFRIC 12, Service Concession Arrangements* (effective from January 1, 2008)

(c) Amendment to existing standard and interpretations that are effective in 2009 or later periods and has not been early adopted by the Group

The following interpretations and amendment to existing standard have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2009 or later periods, but the Company has not early adopted:

- *PAS 1 (Revised), Presentation of Financial Statements* (effective from January 1, 2009) establishes the amendments to the presentation of information in the financial statements. PAS 1 (Revised) describes the "balance sheet" and the "cash flow statement" as the "statement of financial position" and "statement of cash flows" respectively. However, the use of other terms with clear meaning is allowed. It also requires the presentation of all non-owners changes in equity (i.e., comprehensive income) in a statement of comprehensive income or in a statement of profit or loss together with a statement of comprehensive income, separately from owner changes in equity. PAS 1 (Revised) also requires, as a minimum, the presentation of three statements of financial position (balance sheet) in a complete set of financial statements whenever there is a prior period adjustment or a reclassification of items in the financial statements–as at the end of the current period, the end of the comparative period and the beginning of the comparative period. In other cases, only two statements of financial position are required. Dividends recognized as distributions to owners and related per-share amounts should be presented on the face of the statement of changes in equity or in the notes and not on the face of the statement of comprehensive income or the face of the income statement. The Company has not early adopted PAS1 (Revised) and will apply this standard in its financial statements for the period commencing from January 1, 2009 but is not expected to have a material impact on the Company's financial statements.

- *Philippine Interpretation IFRIC 15, Agreements for the Construction of Real Estate*. This interpretation clarifies whether PAS 18, Revenue or PAS 11 will be applied to a wider range of transactions. It is likely that PAS 18 will be applied to a wider range of transactions. The interpretation is effective for annual periods beginning on or after January 1, 2012 and is to be applied retrospectively. The FRSC decided to require mandatory application of the Interpretation for Philippine financial reporting purposes in 2012 to allow entities engaged in the real estate business time to prepare for implementation of the Interpretation. As Group's projects are expected to be completed in less than 2 years, this interpretation does not have an impact on the financial statements as of and for the years ended December 31, 2008 and 2007. Impact in 2009 financial statements is also not expected to be significant.

- *PAS 27 (Revised), Consolidated and separate financial statements* (effective from July 1, 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (Revised) prospectively to transactions with non-controlling interests from January 1, 2010.

- *PFRS 3 (Revised), Business Combinations,* (effective from July 1, 2009), this revision enhances the relevance, reliability and comparability of the information that entity provides in its financial statements about a business combination and its effects by establishing principles and requirements for how an acquirer (a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; (b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and (c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The Group has not early adopted PFRS 3 (Revised), Business Combination and will apply in its financial statements for the period commencing January 1, 2010. This standard is currently not applicable to the group as there is no business combination during the year.

- *PFRS 7 (Amendment), Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments* (effective from January 1, 2009). This amendment improves the disclosure requirements about the fair value measurements and reinforces existing principles for disclosures about the liquidity risk associated with financial instruments. An entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). In addition, this amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk. An entity is required to disclose the following: (1) a maturity analysis for non-derivative financial liabilities (including issued financial guarantee contracts) that shows the remaining contractual maturities; (2) a maturity analysis for derivative financial liabilities which shall include the remaining contractual maturities for those derivative financial liabilities for which contractual maturities are essential for an understanding of the timing of the cash flows; and (3) a description of how it manages the liquidity risk inherent in these analyses. The Group has not early adopted PFRS 7 (Amendment) and will apply it in its financial statements for the period commencing January 1, 2009.

- *PFRS 8 Operating Segments* (effective from January 1, 2009), PFRS 8 replaces PAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, ‘Disclosures about segments of an enterprise and related information’. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The group will apply PFRS 8 from 1 January 2009. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. As goodwill is allocated to groups of cash-generating units based on segment level, the change will also require management to reallocate goodwill to the newly identified operating segments. Management does not anticipate that this will result in any material impairment to the goodwill balance.

(d) Standards, interpretations and amendments to existing standards that are effective in 2009 but are not relevant to the Company's operations

- *PAS 32 (Amendment), Financial instruments: Presentation, and PAS 1 (Amendment), Presentation of financial statements - Puttable financial instruments and obligations arising on liquidation* (effective from January 1, 2009)
- *PAS 39 (Amendment) – Eligible Hedge Items* (effective from July 1, 2009)
- *PFRS 1 (Amendment), First time adoption of PFRS and PAS 27, Consolidated and separate financial statements* (effective from January 1, 2009)
- *PFRS 2 (Amendment), Share-based payment* (effective from January 1, 2009)

(e) Amendments to PFRS which contains amendments that result in accounting changes, presentations, recognition and measurement that are not yet effective and have not been early adopted by the Company

- *PAS 1 (Amendment), Presentation of financial statements* (effective from January 1, 2009) clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with PAS 39, Financial instruments: Recognition and measurement are examples of current assets and liabilities respectively. The Company will apply the PAS 39 (Amendment) from January 1, 2009. It is not expected to have an impact on the Company's financial statements.

- *PAS 19 (Amendment), Employee benefits* (effective from January 1, 2009) contains the following amendments in which the Company will apply from January 1, 2009 but is not expected to have a material impact on the Company's financial statements:

  - The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.
  - The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.
  - The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.
  - PAS 37, Provisions, contingent liabilities and contingent assets, requires contingent liabilities to be disclosed, not recognized. PAS 19 has been amended to be consistent.

- *PAS 23 (Amendment), Borrowing costs* (effective from January 1, 2009). The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in PAS 39 Financial instruments: Recognition and measurement. This eliminates the inconsistency of terms between PAS 39 and PAS 23. The group will apply the PAS 23 (Amendment) prospectively from January 1, 2009.

- *PAS 27, Consolidated and Separate Financial Statements* (effective from January 1, 2009), requires measurement of subsidiary held for sale that is accounted for under PAS 39, Financial Instruments or at cost, be measured under PAS 39 and PFRS 5, respectively.

(f) Amendments to PFRS which contain amendments that result in accounting changes, presentations, recognition and measurement that are not relevant to the Company's operations.

- *PFRS 5 (Amendment), Non-current assets held for sale and discontinued operations (and consequential amendment to PFRS 1, First-time adoption)* (effective from July 1, 2009)
- *PAS 16 (Amendment), Property, plant and equipment (and consequential amendment to PAS 7, 'Statement of cash flows')* (effective from January 1, 2009)
- *PAS 20 (Amendment), Accounting for government grants and disclosure of government assistance* (effective from January 1, 2009)
- *PAS 28 (Amendment), Investments in associates (and consequential amendments to PAS 32, Financial Instruments: Presentation and IFRS 7, Financial instruments: Disclosures)* (effective from January 1, 2009)
- *PAS 29 (Amendment), Financial reporting in hyperinflationary economies* (effective from January 1, 2009)
- *PAS 31 (Amendment), Interests in joint ventures (and consequential amendments to PAS 32 and PFRS 7)* (effective from January 1, 2009)
- *PAS 38 (Amendment), Intangible assets* (effective from January 1, 2009)
- *PAS 36 (Amendment), Impairment of assets* (effective from January 1, 2009)
- *IAS 39 (Amendment), 'Financial instruments: Recognition and measurement'* (effective from January 1, 2009)
- *PAS 41 (Amendment), Agriculture* (effective from January 1, 2009)

(g) Interpretations to existing standards that are not yet effective and not relevant to Company

- *Philippine Interpretation IFRIC 13, Customer Loyalty Program* (effective from July 1, 2008)
- *Philippine Interpretation IFRIC 16, Hedges of a Net Investment in a Foreign Operation* (effective from October 1, 2008)
- *Philippine Interpretation IFRIC 17, Distribution of Non-Cash Assets to Owners* (effective from July 1, 2009)
- *Philippine Interpretation IFRIC 18, Transfer of Assets from Customers* (effective from July 1, 2009)

The above standards are either not relevant or will not have an impact in the Group's consolidated financial statements.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2008. The subsidiaries' financial statements are prepared using the same reporting year as the parent company. The Group uses uniform accounting policies, any difference in policy between the subsidiaries and the parent company are adjusted properly. This consolidated financial statements include the financial statements of the Company and the following subsidiaries as of December 31:

	Percentage of Ownership					
		2008			2007	
Subsidiaries	Direct	Indirect	Total	Direct	Indirect	Total
Shiun-Tung Investment Co., Ltd (STICL)	-	-	-	100.00%	-	100.00%
T&M Holdings, Inc. ("TMHI")	100.00%	-	100.00%	100.00%	-	100.00%
M&M Holdings Corporation (MMHC)	100.00%	-	100.00%	100.00%	-	100.00%
Mindanao Appreciation Corporation (MAC)	28.51%	13.98%	42.49%	28.51%	13.98%	42.49%
The Angeles Corporation (TAC)	38.46%	15.02%	53.48%	38.46%	15.02%	53.48%
The Taal Company, Inc. (TTCI)	29.97%	14.49%	44.46%	29.97%	14.49%	44.46%
Tagaytay Properties and Holding Corporation (TPHC)	26.04%	-	26.04%	26.04%	-	26.04%

Except for STICL which is domiciled in Taiwan, all subsidiaries are domestic companies registered in the Philippines.

(a) Subsidiaries

Subsidiaries are all entities (including special purpose 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. 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.

MAC, TAC, TTCI and TPHC are consolidated because the Parent Company takes effective and absolute control over key decisions, operating strategies, and key policies of the entities. Consistent with PAS 27, the entities have been consolidated in the Group's financial statements.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interest that result in gains and losses for the Group are recorded in the statement of income. Purchases from minority interest that result in goodwill, being the difference between any consideration paid and the carrying value of net assets of the subsidiary of the relevant share acquired.

2.3 Cash on hand in banks

Cash consist of cash on hand and deposits at call with banks.

2.4 Financial assets

The Group classifies its financial assets in to the following categories: loans and receivables, financial assets at fair value through profit or loss and 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.

Classification

(i) 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 from the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise of notes and other receivables in the consolidated balance sheets.

(ii) 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. Assets in this category are classified as current assets.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of other categories of financial assets.

Initial recognition and derecognition

Regular purchases and sales of investments are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction cost are expensed in the statement of income. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Subsequent measurement and determination of fair value

Available-for-sale financial assets and fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method. Unrealized gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognized in equity. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are recognized in the statements of income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statements of income as net realized gains or losses on financial assets.

Changes in the fair value of monetary securities denominated in foreign currency and classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in profit or loss; translation differences on nonmonetary securities are recognized in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in equity.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the statement of income. Dividends on available-for-sale equity instruments are recognized in the statement of income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

a. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. 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 the statement of income. Impairment losses recognized in the statement of income on equity instruments are not reversed through the statement of income.

b. For those carried at amortized cost, individually significant financial assets both in an individual and collective basis are tested for impairment if there are indicators of impairment. Impairment loss is recognized in the statement of income and the carrying amount of the asset is reduced through the use of allowance.

2.6 Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and where management has no intention of trading.

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is the difference between the receivable's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance and the amount of the loss is recognized in the statements of income. Bad debts are written-off in the year they are determined to be uncollectible and after approval by the Board of Directors.

2.7 Investments in 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 and are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognized in the statement of income, and its share of post-acquisition movements in reserves is recognized in reserves. 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 obligations or made payments on behalf of the associates.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest 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.

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 income 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:

Furnitures and fixtures	3 to 5 years
Office equipment	5 years
Communication and other equipment	5 years
Transportation equipment	5 years

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 balance sheet 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the statements of income.

2.9 Investment properties

Investment property is defined as property (land or a building – or part of a building – or both) held (by the owner or by the lessee under a finance lease) 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 properties, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Company. Investment property is carried at cost less impairment, if any.

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 Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to income during the financial period in which they are incurred. If an investment property becomes owner-occupied, it is reclassified as property and equipment. Property that is being constructed or developed for future use as investment property is classified as property and equipment and stated at cost until construction or development is complete. At that time, it is reclassified and subsequently accounted for as investment property.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life, for example 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 suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Construction-in-progress

Construction-in-progress is stated at cost. This represents the accumulated costs for the construction of the projects. Construction-in-progress is transferred to property and equipment or investment property when completed and ready for its intended use.

2.12 Trade and other payables

Trade and other payables are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company 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 statements of income 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 balance sheet date.

Borrowing costs are recognized and charged to operations in the year in which they are incurred, except for borrowing costs associated with qualifying assets which are capitalized.

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 into the Group and specific criteria have been met for each of its activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue includes rental income arising from leasing of investment properties.

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

Interest income is recognized on a time-proportion basis using the effective interest method.

Operating expenses are recognized and changed to income when they are incurred.

2.15 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the 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 substantially enacted at the balance sheet 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 can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except 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.

The Group reassesses at each balance sheet date the need to recognize a previously unrecognized deferred income tax asset.

(b) Recent tax laws

On December 20, 2008, Revenue Regulations No. 16-2008 on the Optional Standard Deduction (OSD) was published. The regulation prescribed the rules for the OSD application by corporations in the computation of their final taxable income. For corporations, OSD shall be 40% based on gross income; "cost of goods sold" and "cost of services" will be allowed to be deducted from gross sales.

For taxable period 2008, the maximum 40% deduction shall only cover the period beginning July 06, 2008. However July 1, 2008 shall be considered as the start of the period when the 40% OSD may be allowed.

The Group did not avail of the OSD for purposes of income tax calculation in 2008.

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.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.
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 Share capital

Common shares are classified as equity.

2.18 Leases

Leases, where the Company is a lessee, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of 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.

2.19 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 Group'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 the statements of income.

2.20 Earnings per share

Earnings per share is computed by dividing the net income by the weighted average numbers of shares outstanding during the year adjusted to give retroactive effect to any stock dividends declared during the year.

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is computed by adjusting the net income for the year attributable to common shareholders and the weighted average number of shares for the effects of all dilutive potential common shares.

There are no dilutive potential common shares as of December 31, 2008 and 2007.

2.21 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

Given that the Group has yet to start commercial operations, it has only one business segment. Geographical segment is not applicable. The Group's revenues only represent rental income from an investment property.

2.22 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 exercise 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.

2.23 Subsequent events (or events after the balance sheet date)

Post year-end events that provide additional information about the Company's position at the balance sheet 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 instruments and risk management objectives and policies

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.

3.1 Market risk

a. Currency risk

The Group's transactions are generally denominated in Philippine Peso. The Group is not exposed to significant foreign exchange risk.

b. Price risk

As of December 31, 2008, the Group is not exposed to significant price risk in its investments in equity securities classified as available-for-sale financial assets and financial assets at fair value though profit or loss having a carrying amount of only P35,803 and P2,968,347, respectively.

At December 31, 2007, exposure to price risk was significant due to material amount of available-for-sale investment. Cumulative fair value adjustment at December 31, 2007 amounted to P551 million. The subsidiary carrying these investments was deconsolidated in 2008 following the disposal of Group's investments.

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 is not exposed to significant interest rate risk as most of its financial assets and liabilities are non-interest sensitive, except for its borrowings. The Group's exposure on these borrowings is not significant as the investments carry fixed interest rates and are carried at amortized cost hence no exposure to fair value interest rate risk.

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. Significant changes in the economy, or in the prospects of a particular industry segment that may represent a concentration in the Group's portfolio, could result in losses that are different from those provided for at the reporting date.

a. Maximum exposure to credit risk

The Company's maximum exposure to credit risk consists of the Group's cash in banks and financial receivables.

The table below shows the aging of trade and financial receivables as of December 31 as follows:

2008	Current	Past due but not impaired	Past due and impaired	Total
Cash on hand and in bank	3,815,325	-	-	3,815,325
Notes and other receivables	167,828,096	62,804,050	18,191,624	248,823,770

2007	Current	Past but not impaired	Past due and impaired	Total
Cash in bank	3,996,569	-	-	3,996,569
Notes and other receivables	104,894,833	12,298,262	5,893,362	123,086,457

a. Cash in banks

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

The Company's cash are deposited in universal banks.

b. Notes and other receivables

Notes receivables are current and expected to be settled by IRC in 2009. This will be funded by IRC's proceeds from stock rights offering.

Past due but not impaired represents the balance of receivable from sale of a subsidiary's shares (see Note ____). This is assessed to be fully recoverable as the debtor has strong financial condition.

Past due but impaired represent receivable from related parties and officers.

3.2 Liquidity risk

Liquidity risk is the risk that the Group 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 Group does not anticipate to embark on major land development activities in 2009. Its expected activities mainly include investment asset preservation. Given its limited amount of financial liabilities as well as limited requirements for working capital, the Group is not exposed to significant liquidity risks.

Substantial component of expected cash inflows in 2009 and foreseeable future is the expected payments from IRC.

The maturities of financial liabilities are detailed as follows:

2008	Up to 1 year	Over 1 up to 3 years	Over 3 years	Total
Borrowings	30,296,477	-	-	30,296,477
Trade and other payables	39,019,725	-	-	39,019,725
Due to related parties	13,192,220	-	-	13,192,220
2007	**Up to 1 year**	**Over 1 up to 3 years**	**Over 3 years**	**Total**
Borrowings	25,525,100	-	-	25,525,100
Trade and other payables	69,463,274	-	-	69,463,274
Due to related parties	9,386,990	-	-	9,386,990

Management expects that maturing liabilities will be fully funded by collections from IRC.

3.3 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 presented in the balance sheets at fair value.

	Carrying Value		Fair Value	
	2008	2007	2008	2007
Financial assets				
Cash in bank	3,830,325	4,011,569	3,830,325	4,011,569
Notes and other receivables	238,435,909	113,064,950	238,435,909	113,064,950
Advances to related parties	10,387,861	10,021,507	10,387,861	10,021,507
Financial liabilities				
Borrowings	30,296,477	25,525,100	30,296,477	25,525,100
Trade and other payables	39,019,725	69,463,274	39,019,725	69,463,274
Due to related parties	13,192,220	9,386,990	13,192,220	9,386,990

The fair values of cash on hand and in banks, borrowings, trade and other payables are approximately equal to their carrying amounts due to the short-term nature of the balances.

Note 4 - Capital management

The Group considers its equity as its capital. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to its shareholders and to maintain an optimal capital structure to reduce the cost of capital.

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 Company's equity position is in compliance with the minimum statutory requirements applicable to public companies. Given the very limited pre-operating activities undertaken by the Group, it does not require intensive capitalization as of December 31, 2008 and 2007. The Group's main objective is to ensure it has adequate capital moving forward to pursue its major land development plans.

The Group does not anticipate heavy requirement for working capital in 2009 given that its focus is mainly to ensure successful site clearance and future development activities of its major associate, Interport Resources Corporation (IRC) , which is 40.07% owned by the Company. IRC, is in the process of completing certain regulatory requirements so that it can raised additional P600 million capital through a stock rights offering. This program is expected to be completed by June 2009.

Given the above, the company does not foresee significant capital risk.

Note 5 - Critical Accounting Estimate, Assumption and Judgment

The Company 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.

Recognition of deferred income tax assets

Management reviews at each reporting date the carrying amounts of deferred income tax assets. The carrying amount of deferred income tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax assets can be utilized. Management believes that the non-recognition of deferred income tax assets of P11,794,117 (see note 18) is appropriate due to the Group's limited capacity to generate sufficient taxable income.

Note 6 - Cash

The account at December 31, 2008 consists of:

	2008	2007
sh in bank	3,815,325	3,996,569
sh on hand	15,000	15,000
	3,830,325	**4,011,569**

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

The account at December 31, 2008 consists of:

	2008	2007
ıted equity securities	7,562,659	7,562,659
ır value adjustment	(4,594,312)	(4,224,548)
	2,968,347	3,338,111

The movement of financial assets at fair value through profit or loss is summarized as follows:

	2008	2007
lance at January 1, 2008	7,562,659	7,562,659
ditions	57,638,841	-
sposals	(57,638,841)	-
ır value adjustment	(4,594,312)	(4,224,548)
	2,968,347	3,338,111

Note 8 - Notes and other receivables

The account at December 31, 2008 consists of:

	Note	2008	2007
tes receivable, including interest		167,828,096	104,894,833
e from related parties	21	10,387,861	10,021,507
vances and other receivables		70,607,813	8,170,117
		248,823,770	123,086,457
owance for impairment losses		(18,188,191)	(5,893,362)
		230,635,579	117,193,095

In 2008, additional provision of P12.30 million has been recorded to cover possible losses from uncollectible due from related parties and advances to officers and employees.

Notes receivable represents loans granted to IRC with no definite payment terms and bears annual interest rates ranging from 12%% to 18%. This is expected to be collected in full in 2009. Total interest income recognized during the year amounted to P9.34 million.

In 2008, investment in STICL have been acquired by a related party and later sold to a third party for a total consideration of P92.42 million. As of December 31, 2008, P63 million of the consideration remained outstanding and is included in advances and other receivables. This was fully collected in January 2009.

Prior to the sale, the Group recorded an impairment of P56,528,721 prior to 2006. However, the entire gross amount to the investment was recovered from sale. Consequently, in 2008, the Group recorded a reversal of previously recorded impairment loss.

Note 9 - Available-for-sale securities

Available-for-sale securities pertain to investments in Philippine Realty "A", PLDT shares and investment of STICL in First Steamship Co., Ltd.

The movements in the carrying amount of available-for-sale securities are as follows:

	2008	2007
lance at January 1, 2008	551,120,403	291,679,352
sposal during the year	551,084,600	-
r value gain	-	259,558,259
	35,803	551,237,611

P551 million of the available for sale investments were investments by STICL, a wholly-owned subsidiary until November 2008. Following the sale of the Group's investments in STICL, the investments, including the related fair value reserves in equity have been derecognized in the consolidated balance sheets.

Gain from disposal of investment in STICL amounted to P38.03 million.

Note 10 - Investment in associates

This account and the corresponding percentages of ownership are as follows:

	Ownership	2008	2007 (As restated)
quisition cost			
Interport Resources Corporation	40.07%	382,040,940	382,040,940
The Prosperity Tax Cab Corporation (TPTCC)	30.30%	7,832,396	7,832,396
		389,873,336	389,873,336
uity in net losses of associates			
Balance at January 1		(328,183,734)	(318,049,896)
Equity in net losses		(9,639,704)	(7,259,260)
Other adjustments		(2,775,241)	(2,874,578)
lance, December 31		(340,598,679)	(328,183,734)
tal		49,274,657	61,689,602

Other adjustments represent the difference between the carrying amount of the investment and the Group's share in the net asset of the associates.

The financial information of the associates as of and for the years ended December 31, 2008 and 2007 are as follows:

	IRC		TPTCC	
	2008	2007 (As restated)	2008	2007
	(in millions)			
tal assets	1,680.06	1,640.92	11.10	9.90
tal liabilities	1,562.93	1,447.46	0.52	-
uity	117.13	203.49	10.57	9.51
tal revenue	0.00	0.061	0.87	.82
t profit	(86.32)	43.76	(0.16)	0.31

Note 11 - Property and equipment

Details and movements of the account as of and for the years ended December 31, 2008 and 2007 follow:

	Furnitures and fixtures	Office equipment and leasehold improvements	Communication and other Equipment	Transportation equipment	Construction in progress	Total
Year ended December 31, 2008						
Balance at January 1, 2008	1,074,746	159,806	906,181	1,451,488	-	3,592,221
Additions	1,172,336	189,000	136,963	29,848	3,481,563	5,009,710
Disposals	672,334	381,760	-	-	-	1,054,094
Balance at December 31, 2008	1,574,748	32,954	1,043,144	1,481,336	3,481,563	7,547,837
Accumulated depreciation						
Balance at January 1, 2008	1,074,660	35,658	906,158	148,304	-	2,164,780
Depreciation and amortization	14,473	26,115	6,848	165,973	-	213,409
Disposals	310,341	363,278		-	-	673,619
Balance at December 31, 2008	778,792	(301,505)	913,006	314,277	-	1,704,570
Net book value at December 31, 2008	795,956	268,551	130,138	1,167,059	3,481,563	5,843,267

	Furniture and fixtures	Office equipment	Communication and other equipment	Leasehold improvements	Transportation	Total
Year ended December 31, 2007						
Balance at January 1, 2007	1,074,746	139,516	906,181	-	-	2,120,443
Additions	-	-	-	20,841	1,451,488	1,472,329
Disposals	-	551	-	-	-	551
Balance at December 31, 2007	1,074,746	138,965	906,181	20,841	1,451,488	3,592,221
Accumulated depreciation						
Balance at January 1, 2007	1,074,746	-	906,158	-	-	1,980,818
Depreciation and amortization	-	33,921	-	1,737	148,304	183,962
Disposals	-	-	-	-	-	-
Balance at December 31, 2007	1,074,746	33,921	906,158	1,737	148,304	2,164,780
Net book value at December 31, 2007	86	105,044	23	19,104	1,303,184	1,427,441

Note 12 - Investment properties

The Group’s investment properties include several parcels of land and condominium units held for lease. Land includes properties of MAC, TTCI and TPHC held for appreciation purposes, including those strategically located and potentially high value land in Tagaytay City and Batangas with a total land area of 29 hectares. The condominium units, which is located in Makati with a total floor area of 888 square meters, are being leased out to third parties. Income from these properties amounted to P3.65 million, P3.37 million and P2.55 million in 2008, 2007 and 2006, respectively, and is shown as Rental revenue in the statements of income.

The changes to the carrying amounts presented in the balance sheets as of December 31, 2008 and 2007 are summarized as follows:

	2008		
	Land	Condominium	Total
st			
lance at December 31, 2008	13,498,607	57,276,270	70,774,877
cumulated Depreciation			
lance at January 1, 2008	-	33,067,842	33,067,842
preciation for the year	-	2,120,454	2,120,454
lance, December 31, 2008	-	35,188,296	35,188,296
t carrying value	13,494,607	22,087,974	35,586,581

	2007		
	Land	Condominium	Total
st			
lance at January 1, 2008	13,752,324	57,276,270	71,028,594
sposal	253,717	-	253,717
lance at December 31, 2008	13,498,607	57,276,270	70,774,877
cumulated Depreciation			
lance at January 1, 2008	-	30,947,389	30,947,389
preciation for the year	-	2,120,454	2,120,454
lance at December 31, 2008	-	33,067,842	33,067,843
t carrying value	13,498,607	24,208,427	37,707,034

The estimated fair value of the condominium property as of December 31, 2008 and 2007 amounted to P59 million. The fair value of the properties is based on market data approach. The land has an estimated fair value of P127.63 million as of December 31, 2008 determined by an independent firm of appraisers using the market data approach.

Note 13 - Borrowings

Short-term interest-bearing loans and borrowings are as follows:

	2008	2007
nk loans	-	5,474,760
ans from related parties	30,296,477	20,050,340
	30,296,477	25,525,100

Bank loans presented in the consolidated balance sheets represents loans obtained by STICL from banks amounting to P5.48 million as of December 31, 2007, which bear annual interest of 7.25%.

Loans from related parties in 2008 represents unsecured loans obtained by the Parent Company and its subsidiaries from Intrinsic Value Management Ltd. (Phils.) Co., Inc. (Intrinsic) and Philippine Strategic International Holdings, Inc., which bear interest of 10% per annum and from an individual in 2007 which bear interest of 18% per annum in 2007 and are payable on demand.

Note 14 - Trade and other payables

The account at December 31, 2008 consists of:

	2008	2007
ıde	35,760,324	37,859,637
crued expenses	1,169,137	31,603,637
ıers	2,090,265	-
	39,019,726	69,463,274

Note 15 - Subscriptions payable

This represents the unpaid balance of the Group's subscription to shares of stock of Vulcan Industrial, Inc. which is designated as part of Financial Assets at Fair Value through Profit or Loss (Note 7).

Note 16 - Equity

Share capital consists of:

	2008	2007	2006
mmon shares - P1 par value			
In shares			
Authorized	4,000,000,000	4,000,000,000	4,000,000,000
Subscribed	1,200,000,000	1,200,000,000	1,200,000,000
Amount			
Subscribed capital stock	1,200,000,000	1,200,000,000	1,200,000,000
Subscriptions receivable	(260,515,947)	(260,515,947)	(260,515,947)
	939,484,053	939,484,053	939,484,053

In accordance with the Company's articles of incorporation, certain restrictions have been imposed on the Company and some subsidiaries regarding the issuance and transfer of capital stock.

No stockholder shall, because of his ownership of stock have a pre-emptive or other right to purchase, subscribe for, or take any part of any stock or any other securities convertible into carrying options or warrants to purchase stock of the corporation without first offering such stock or securities or any part thereof to existing equity holders.

No issuance or transfer of shares of stock of the Company which would reduce the stock ownership of the Filipino citizens shall be allowed or permitted to be recorded in the books of the Company.

Deposits for Future Subscription

In 1997, the Group received from certain stockholders deposits on future stock subscriptions totaling P241,620,861. Movements during the year of P46.93 million pertains to cancellation of subscription with the amount previously received as deposits applied against the Group's advances to concerned stockholders.

Note 17 - Other operating expenses

This account as of December 31 consists of:

	2008	2007	2006
reign currency loss	-	14,700,939	7,538,943
ansportation and travel	1,302,124	846,359	413,171
xes and licenses	5,104,400	722,581	790,825
mmunication, light and water	482,223	572,592	279,525
ntal	576,491	484,668	490,992
presentation and entertainment	536,528	273,681	133,604
ner fees	339,515	709,912	346,561
scellaneous	1,733,816	2,131,013	891,528
	10,075,097	20,441,745	10,885,149

Note 18 - Income taxes

The major components of tax expense (benefit) for the years ended December 31 are as follows:

	Note	2008	2007	2006
rrent tax expense				
Regular corporate income tax		-	-	121,008
Final tax (at 20%)		-	23,000	3,322
Minimum corporate income tax (MCIT) (at 2%)		217,223	135,346	145,612
		217,223	158,346	269,942
Deferred tax relating to origination and reversal of temporary differences		-	(1,620,770)	(2,638,630)
x expense reported in statement of income		217,223	(1,462,424)	(2,368,688)

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

	Note	2008	2007	2006
x on pretax loss at 35%		27,805,781	(9,935,892)	(5,917,106)
justment for income subjected to lower tax rates		(13,514,126)	(40,248)	(8,649)
uity in net losses of associates		3,373,846	2,524,599	3,699,207
r value losses (gains)			-	(1,574,421)
Unrecognized deferred tax assets from impairment losses, NOLCO and MCIT		4,127,941	5,966,117	1,172,853
nefit from utilization of NOLCO		-	-	256,986
n-taxable income		(19,785,052)	-	-
ners		(1,791,167)	23,000	2,442
		217,223	(1,462,424)	(2,368,688)

The deferred tax assets of the Group as of December 31, 2008 and 2006 which were not recognized consist of the following:

	Note	2008	2007
)LCO		2,346,490	2,033,348
CIT		217,223	376,934
realized foreign exchange loss		2,411,573	5,145,329
owance for impairment		6,318,831	-
		11,794,117	7,555,611

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

Year	Amount	Valid Until
2008	217,223	2011
2007	135,347	2010
2006	145,612	2009
2005	95,975	2008
	594,157	

The Group's MCIT amounting to P136,133 which arose in year 2004 has expired in year 2007.

Note 19 - Basic and diluted earnings per share

The information used in the computation of basic and diluted earnings per share for the years ended December 31 follows:

	2008	2007	2006
t income (loss) for the year	81,668,740	(26,033,840)	(2,803,107)
Divide by the average number of outstanding common shares	1,159,498,800	1,159,498,800	1,159,498,800
sic and diluted earnings per share	0.0704	(0.0225)	0.0024

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

Note 20 - Related party transactions

The Group’s transactions with related parties include those with subsidiaries, associates and other related parties described below

Due from subsidiaries and other related parties

The Group provides cash advances for certain operating expenses of the subsidiaries, associates and related parties. The breakdown of advances to associates and related parties are as follows:

	2008	2007
e from an equityholder	10,000,000	10,000,000
rinsic Value Management Ltd. (Phils.) Co., Inc.	-	14,682
ners	387,861	6,825
	10,387,861	10,021,507

The outstanding receivables from related parties are presented as Due from related parties under Notes and other receivables account in the balance sheets (see Note 8).

Due from related parties includes receivables of a subsidiary from an equityholder of the parent company. The Parent Company has deposit for future subscriptions from the same equityholder which the subsidiary intends to apply against its receivables from the said equityholder in the event that the equityholder is unable to pay its obligations.

The accounts have no fixed repayment term, thus due and demandable.

Due to related parties

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

	2008	2007
rinsic Value Management Ltd. (Phils.) Co., Inc..	12,850,148	9,301,345
ners	463,672	85,645
	13,313,820	9,386,990

The above advances are non-interest bearing and payable on demand.

Note 23 - Lease commitments

Operating lease commitment - Company as Lease

The Company leases its office space under a two-year lease agreement up to October 31, 2009. Rental expense related to the lease amounted to P542,291, P507,066 and P471,734 in 2008, 2007 and 2006, respectively.

The future minimum annual rental payments covering the lease of office space within the next four years amounts to P491,227.

Note 24 - Employee benefits

The balance of this account for the years ended December 31, 2008 and 2007 consists of:

	2008	2007	2006
aries and wages	2,391,687	2,337,611	1,147,059
nus and allowances	117,800	117,360	117.360
S, Philhealth and HDMF	93,434	94,246	94,246
ıers	542,989	404,828	257,707
	3,145,910	2,954,045	1,559,819

The total compensation of the Group’s executive officers for the years ended December 31, 2008, 2007 and 2006 amounted to P2.55 million , P2.41 million and P1.27 million, respectively.

The Group has seven (7) and eight (8) employees as of December 31, 2008 and 2007, respectively. Accordingly, the Group has not accrued any retirement benefits for the year ended December 31, 2008, 2007 and 2006 since the Group is exempt from Republic Act 7641.

Note 25 - Restatement of prior year financial statements

The Group has restated investments in 2007 and 2006 to reflect the cumulative difference between the carrying value of investment and Group’s share in underlying net asset of its associates. Details of adjustments are summarized below:

	As previously reported)	Restatements	As restated
2007			
Investment in associates- January 1, 2007	263,531,445	(201,841,843)	61,689,602
Net (loss) income, December 31, 2007	(26,925,839)	(252,275)	(27,178,114)
Deficit, December 31, 2007	(735,233,412)	(227,623,408)	(962,856,820)