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SEC Registration Number

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

(Company's Full Name)

3 5 / F R U F I N O P A C I F I C T O W E R

6 7 8 4 A Y A L A A V E N U E

M A K A T I C I T Y

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

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

1 2	3 1	**S E C 1 7 -A**	0 5	
Month	Day	FORM TYPE	Month	Day
Fiscal Year			AnnualMeeting	

n/a

Secondary License Type, If Applicable

S E C	
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

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A (AMENDED)

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, 2012**
2. SEC Identification Number: **150014**
3. BIR Tax Identification Number: **050-000-473-206**
4. Exact Name of Registrant: **MABUHAY HOLDINGS CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**
6. Industry Classification Code: **HO**
7. Address of Principal Office: **35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223**
8. Registrant's Telephone Number, Including Area Code: **(632) 750-2000**
9. Former Name, former address, former fiscal year, if changed from last report: **N/A**
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA

    Common stock **1,200,000,000 shares**

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	779,313,854
Shares held by non-affiliates	420,686,146
Market price as of December 31, 2012	0.59
Aggregate market value of voting stock held by non-affiliates	**P248,204,826**

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

Fiscal Year 2010 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. MHC shares are now traded in the Philippine Stock Exchange.

The registrant currently holds office at 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223. Its last annual stockholders' meeting was on October 5, 2012.

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

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

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

A. SUBSIDIARIES AND AFFILIATES

Major investees of the Registrant are the following:

1. T & M Holdings, Inc. (100%-owned by the Registrant)

T & M Holdings, Inc. (T&MHI) which was registered with the Commission on November 10, 1995, is a holding company engaged in investments in real properties, marketable securities and stocks of other companies, domestic or foreign. Currently, it has a 38.01% stake in IRC Properties, Inc. (formerly Interport Resources Corporation).

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

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

3. IRC Properties, Inc. (IRC) (42%-owned by the Registrant directly and indirectly thru T&M Holdings, Inc.)

IRC Properties, Inc. (formerly Interport Resources Corporation), a company listed in the Philippine Stock Exchange, was incorporated on February 24, 1975 primarily to engage in the acquisition, reclamation, development or exploitation of land, forests, minerals, oil, gas and other resources. It owns about 2,200-hectare of land in Binangonan, Rizal.

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

A real estate company established and registered with the SEC on April 13, 1998, TPHC owns a high potential and strategically-located land in Tagaytay City. This property was supposed to be developed into a mixed commercial and residential subdivision but such plans were postponed indefinitely as a result of changes in the zoning laws of the city.

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

The Taal Company, incorporated on August 29, 1990, is a real estate company with property holdings in several parts of the Batangas province.

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

The Angeles Corporation is an investment company incorporated on October 14, 1994. Most of its assets are invested in shares of the Prosperity Taxi Cab Corporation (PTCC), which the Company sold to a third party in 2009.

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

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

B. FOREIGN SALES.

Not applicable to the Registrant

C. COMPETITIVE BUSINESS CONDITION/COMPETITIVE POSITION IN THE INDUSTRY.

The competitiveness of the Registrant, given the nature of its business, is defined by the diversity of its interests. Most of the Registrant's business interests are concentrated in the real estate property business. The Tagaytay Properties & Holdings Corporation, The Taal Co., Inc., and IRC Properties, Inc. each hold an inventory of real properties in strategic locations like Tagaytay City, Batangas, Cavite, and Binangonan. The aggregate landholdings of the Registrant's investees easily run to 2,223 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, 2012, The Registrant has 7 employees, all rendering administrative services. Of the Company's 7 employees, 5 render support services: 2 for accounting/bookkeeping work and 3 doing office services functions while the other 2 belong to the management and administration of the Company. There is no Collective Bargaining Agreement between the employees and the Registrant and there had been no strikes or threats of strike for the past five (5) years. Aside from the statutory benefits prescribed by the labor code, the Registrant's employees enjoy Company-sponsored health insurance.

Item 2 – Properties

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

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

* Half of the 35th Floor is leased out to Dreamhauz Management & Development Corporation and the other half is being used as The Registrant’s office together with its associate, IRC Properties, Inc. The lease agreement with Dreamhauz Management & Development Corporation covers a period of 2 years (renewable for another 2 years), which will expire on September 30, 2013. That of IRC Properties, Inc. covers a lease period of 3 years (renewable for another 3 years), which will expire on November 30, 2014. Rental revenues from this property amounted to P6.22M in 2012 as reflected in the Consolidated Statements of Total Comprehensive Income, Notes 11 and 20 of the Consolidated Financial Statements as of and for the year ended December 31, 2012, which are an integral part of this report.

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

Item 3 – Legal Proceedings

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

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 2012. The last meeting of the Registrant's stockholders was the annual stockholders' meeting, which was held on October 5, 2012. In that meeting, the stockholders elected the directors for 2012. Messrs. Steven G. Virata and Rodrigo B. Supeña were the Registrant's independent directors in compliance with SEC Memorandum Circular No. 16, Series of 2002, Section 38 of the Securities Regulation Code and its implementing rules and regulations.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

The Registrant's shares of common stock are being traded at the Philippine Stock Exchange. Of the authorized capital stock of four billion shares, 1.2 billion have been subscribed. As of December 31, 2012, MHC has received P194.7 million as deposits for future stock subscription. Although these deposits were intended for capital subscription, they were presented as liability in the Statement of Financial Position for the purpose of complying with SEC rule 68-D.

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

Stock Prices. The shares of MHC traded along the following bands during 2012 and 2011:

	2012		**2011**	
	High	**Low**	**High**	**Low**
First Quarter	0.72	0.42	0.44	0.37
Second Quarter	0.67	0.39	0.43	0.35
Third Quarter	0.56	0.41	0.49	0.33
Fourth Quarter	0.48	0.32	0.77	0.30

The listed price of MHC shares as of April 8, 2012 is P0.56.

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, 2012 total two hundred eighteen (218) in number, broken down as follows:

Citizen	No. of shares	Percentage	No. of Holders
Filipino	850,618,900	69.88	205
American	908,000	.08	7
Chinese	545,050	.05	4
Other Alien	347,928,050	29.99	2
Total	**1,200,000,000**	**100.00**	**218**

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

Name of Stockholder		No. of Shares Held	Percentage
1.	Prokey Investments Ltd.	351, 289,763	29.27
2.	PCD Nominee Corporation	347,928,000	28.99
3.	PCD Nominee Corporation	334,663,998	27.89
4.	Guoco Securities (Phils.), Inc.	123, 192, 131	10.27
5.	Papa Securites Corporation	13,550,000	1.13
6.	Mindanao Appreciation Corp.	10,183,000	0.85
7.	Avesco Marketing	1,600,000	0.13
8.	Seng Chay Lee	1,324,000	0.11
9.	Four Treasures Development Corp	1,200,000	0.10
10.	Prosperity Taxi Cab Corporation	1,000,000	0.08
11.	Yan, Lucio W.	1,000,000	0.08
12.	International Polymer Corp.	900,000	0.08
13.	Century Sports Philippines	812,000	0.07
14.	Zosa, Rolando M..	800,000	0.07
15.	Uy, Samson	700,000	0.06
16.	Mendoza, Alberto	650,000	0.05
17.	Sy, Silman	546,000	0.05
18.	Sickling II, Herbert William	500,000	0.04
19.	Guei Tay Gi	500,000	0.04

20.	South China Holdings	432,000	0.04

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

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

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

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

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

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

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

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

Apart from supporting IRC Properties, Inc.'s projects, the Group does not anticipate heavy requirement for working capital in 2013.

2012

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

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

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

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

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

Financial assets at fair value through profit or loss
Decrease of 79% due disposal of listed securities.

Notes and Other Receivables
Increase of 11% due to additional loans to IRC Properties, Inc.

Prepayments
Increase of 5% due to increase in prepaid taxes.

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

Investment properties
Increase of 10% due to increase in fair value.

Accrued expenses and other payables
Decrease of 6% due to payment of interest charges on borrowings.

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

2011

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

Total revenues decreased by P12.2M or 48.6% due decrease on Gain on fair value change in investment property offesetted by the increase in Rental revenue owing to the full occupancy of the Rufino Property in 2011. Total operating expenses decreased by

P1.2M or 8.6% due to decrease in Taxes and licenses, Transportation and travel, Salaries and employee benefits and Other fees.

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

Material Changes in the Financial Statements (2011 vs 2010)

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

Financial assets at fair value through profit or loss
Increase of P2.6M or 36.6% due to net acquisition of listed securities.

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

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

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

Accrued Expenses and Other Payables
Increase of P16.0M or 29.1% mainly due to increase in accrued interest charges.

2010
Total assets of P1.2B increased by P297M or 84.3% mainly due to the increase in Investments in IRC Properties, Inc. (IRC) , an associate. The Registrant availed of IRC's stock rights offering in 2010 financed through borrowings. As a consequence, total liabilities likewise increased P482.0M.

Total revenues decreased by P1.7M or 28% due to the non-occupancy of half of the Rufino Property for the entire first nine months of 2010. Total operating expenses increased by P2.3M or 18% caused by the increase in Taxes and licenses, Transportation and travel and Other fees. Other income (charges) increased by P137M or 30.6% due to the recovery of impairment losses and share in net earnings of Interport Resources Corporation, an associate.

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

Material Changes in the Financial Statements (2010 vs 2009)

Cash
Increase of 23.3M or 1236% mainly due to additional borrowings and collection of Notes Receivables from IRC, an affiliate, offsetted by the availment of the stock rights offering of IRC.

Financial Assets at Fair Value through Profit or Loss
Increase of P4.2M or 144% mainly due to the net acquisition of listed stocks and recovery in market price.

Notes and Other Receivables
Decrease of P45.9M or 17% due to the collection of the Notes Receivables from IRC Properties, Inc., an affiliate.

Prepayments
Increase of P1.0M or 44% due to increase in prepaid taxes.

Investments in Associates
Increase of P310.2M or 863% due to the availment of the stock rights offering of IRC by T&M Holdings, Inc., a 100% subsidiary, share in the net income of IRC and recovery of impairment losses.

Property and equipment
Decrease of P.9M or 9% due to depreciation and disposal.

Investment properties
Decrease of P2.2M or 8% due to depreciation of its condominium unit and disposal of land in General Santos City owned by Mindanao Appreciation Corporation, a 100% subsidiary.

Borrowings
Increase of P150.8M or 496% mainly due to additional borrowings from Join Capital Limited, a Hongkong Company offsetted by partial repayment during the period.

Accrued expenses and other payables
Increase of 11.9M or 27% mainly due to accrual of interest charges.

Due to related parties
Decrease of P3.9M or 29% due to reclassification of accounts.

Key Performance and Financial Soundness Indicators

Definition of Ratios

Net Profit Ratio - $\frac{\text{Consolidated Net Income (Loss)}}{\text{Total Revenues}}$

Return on Assets - $\frac{\text{Net Income}}{\text{Total Assets}}$

Return on Equity - $\frac{\text{Net Income}}{\text{Total Stockholders' Equity}}$

Current Ratio - $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

Acid Test - $\frac{\text{Cash on hand and in banks + Financial Assets at Fair Value}}{\text{Current Liabilities}}$

Debt to Equity - $\frac{\text{Total Liabilities}}{\text{Total Equity}}$

Debt to Assets - $\frac{\text{Total Liabilities}}{\text{Total Assets}}$

Asset to Equity - $\frac{\text{Total Assets}}{\text{Total Equity}}$

Interest Coverage - $\frac{\text{Net Income Before Tax and Interest Expense}}{\text{Interest Expense}}$

Earnings (Loss) Per Share - $\frac{\text{Net Income Attributable to Equity Holders of Parent Co.}}{\text{Average number of Outstanding Common Shares}}$

(%)	**Dec. 31, 2012***	**Dec. 31, 2011***	**Dec. 31, 2010***
Net Profit Ratio	311.1	284.2	834.6
Return on Assets	5.38	2.60	16.83
Return on equity	9.09	4.57	27.37
Current ratio	67.12	62.84	58.86
Acid test	1.14	2.61	7.33
Debt to equity	68.90	76.09	62.61
Debt to assets	40.79	43.21	38.50
Asset to equity	168.90	176.09	162.61
Interest coverage	129.22	(3.94)	929.60
Earnings (loss) per share	.08375	.03389	.19866

*Audited

Item 7 – Financial Statements

The audited consolidated financial statements of the Registrant as of and for the year ended December 31, 2012, as listed in the accompanying Index to Financial Statements and Supplementary Schedules, are filed as part of this Form 17-A.

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

Item 8 – Independent Public Accountants

(a) Audit and Audit-Related Fees

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

As in previous years, representatives of the Registrant's auditors are expected to be present at this year's annual stockholders' meeting, available to respond to questions that may be asked by the stockholders. The said auditors will have the opportunity to make a statement if they desire to do so.

The external auditors charged the Company and its subsidiaries an aggregate amount of P1.05M for the last two (2) calendar years ending December 31, 2012 and 2011.

(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, 2012 and 2011. 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 – The names, ages, terms of office, business experience for the last five years, directorship in other companies of the directors of the Registrant are as follows:

Atty. Roberto V. San Jose, Director, Chairman of the Board - He was elected Chairman of the Board in 2003, or for more than 5 years now. He has been a member of the Board of Directors as early as 1991, or for more than five years now. He is a consultant of the Castillo Laman Tan Pantaleon & San Jose Law Offices and a Director or Officer of the following companies: Anglo Philippine Holdings Corporation, Alsons Consolidated Resources Corporation, Philweb Corporation, CP Group of Companies, Carlos Palanca Foundation, Inc., MAA Consultants, Inc., Solid Group Inc., United Paragon Mining Corporation, The Metropolitan Club, Inc. and various client corporations of their law firm. Attorney San Jose, a Filipino, is 71 years old.

Esteban G. Peña Sy, Director and President - He was elected as Director and President on Nov. 1, 2006 and has served as such for more than three years now. He graduated from the University of the Philippines in 1968 with the degree of A.B. Economics and completed the Program for Management Development at Harvard Business School in 1982. He was the Managing Director of Pan Asian Management Ltd. And AI Financial Services Ltd., which are management and investment consultancy firms based in Hongkong, and Pan Asian Oasis Telecom Ltd. that operates joint venture factories engaged in the manufacture of communication and fiber optic cables in China. His previous work experience includes the following: Asst. Secretary General of the Federation of Filipino-Chinese Chambers of Commerce and Industry from 1971 - 1979 and Executive Director from 1980-1986; various positions in the Ayala Group of Companies from 1979-1984. Mr. Peña Sy, a Filipino citizen, is 66 years old.

Wong Peng Chong, Director - Mr. Wong Peng Chong is currently a director of IRC Properties, Inc. and an executive director of COL Capital Limited. Mr. Wong is also an executive director and vice-president of Shanghai Allied Cement Limited. Upon his graduation from the University of Malaya in 1967 with a degree of Bachelor of Arts (Honours), he joined the Malaysian Foreign Service and served with several Malaysian diplomatic missions overseas in various capacities. He joined the private sector in 1985 and has served in various senior management positions, including executive directorships in publicly listed companies in Hong Kong, Malaysia and the Philippines. Mr. Wong, a Malaysian citizen, is 69 years old.

Atty. Delfin P. Angcao, Corporate Secretary - He holds the position since 1995, or for more than five years now. A partner at the Castillo Laman Tan Pantaleon & San Jose Law Offices (CLTPSJ) since the year 2000. He was a junior associate with CLTPSJ from 1995 to 1997. He climbed up to being a Senior Associate from 1997 to 2000. He was a former associate at the San Jose, Enriquez, Lacas, Santos, Borje & Vendero from 1992 to 1995. His other business experience in the last 5 years are as follows: director and/or Corporate/Asst. Corporate Secretary of various client corporations of CLTPSJ namely: United Paragon Mining Corporation, The Manila Southwoods Golf & Country Club, Inc., and Golden Valley Exploration Corporation. He is a member of the Integrated Bar of the Philippines and the Philippine Institute of Certified Public Accountants. Attorney Angcao, a Filipino, is 55 years old.

Atty. Ana Maria Katigbak, Director and Assistant Corporate Secretary – She holds the position of Assistant Corporate Secretary since 1999, or for more than five years now. She held the position of a director for seven years, or from 1999 to October 31, 2006, and then from June 27, 2007 up to the present. A member of the Integrated Bar of the Philippines and a graduate of Bachelor of Laws and Bachelor of Arts in Comparative Literature (Cum Laude) at the University of the Philippines, she is currently a partner at the Castillo Laman Tan Pantaleon San Jose Law Offices. Her other business experience in the last 5 years are as follows: assistant corporate secretary of publicly-listed companies and registered membership clubs such as: Boulevard Holdings, Inc., Premier Entertainment Productions, Inc., Solid Group, Inc., The Metropolitan Club, Inc., AJO.net Holdings, Inc. and PhilWeb.Corporation. She is also a lecturer at the Thames International Business School, Philippine Campus. Atty. Katigbak, a Filipino, is 44 years old.

Kong Muk Yin, Director – Mr. Kong Muk Yin, 47 years old, is a graduate of the City University of Hongkong with a bachelor's degree in Business Studies. He is a fellow member of the Association of Chartered Certified Accountants, and a Chartered Financial Analyst. He has extensive experience in corporate finance, financial management, accounting and auditing. He is currently an Executive Director of COL Capital Limited, China Vision Media Group Ltd. and APAC Resources Ltd.

Rodrigo B. Supeña, Independent Director - Mr. Rodrigo B. Supeña has been elected as Independent Director of the Company since March 31, 2009, and has served as such for more than two years now . Mr. Supeña, a seasoned banker who previously held various key positions in Land Bank of the Philippines and Bank of the Philippine Islands, is currently a Consultant of Land Bank of the Philippines and a Board Member of LBP Leasing Corporation. Mr. Supeña, a Filipino, is 73 years old.

Steven Gamboa Virata, Independent Director – He joined the Company in 2001 and has served as such for more than five years now. A degree holder of B.S. Architecture from the University of the Philippines, he has more than 10 years experience in the aviation industry, marketing, architecture, graphic design and production, theater industry and farm management. His other business experiences in the last 5 years are as follows: currently, he is a Director of C. Virata and Associates, ATAR-IV, Inc., Chilco Holdings Inc., and V.L. Araneta Properties, Inc. He was elected last year and is nominated this year, as an independent director. Mr. Virata, a Filipino, is 55 years old.

Messrs. Rodrigo B. Supeña and Steven G. Virata were elected as the Company's independent directors at the last annual stockholders' meeting held on October 5, 2012.

INDEPENDENT DIRECTORS

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

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

Under the Company's Manual of Corporate Governance, the members of the Nomination Committee shall consist of two directors, one of whom is an independent director, and one non-director who is an officer of the Company.

The Nomination Committee was tasked to accept and to pre-screen nominees for election as independent directors conformably with the criteria prescribed in the said SEC Memo Circular and the Company's Code of Corporate Governance, and to prepare and to make available to the SEC and the stockholders before the stockholders' meeting a Final List of Candidates as required in the said SEC Memo Circular.

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

B. EXECUTIVE OFFICERS/CONTROL PERSONS

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

Araceli C. Molina, Corporate Treasurer & Chief Financial Officer – effective August, 2004. An MBA graduate of De La Salle University, a Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants, she has been for several years connected with listed companies such as Vulcan Industrial and Mining Corporation, A Brown Company, etc.. Her past affiliations cover dealings with banks and other financial institutions, the Philippine Stock Exchange, Inc., and government agencies such as the Department of Energy, Securities and Exchange Commission and Bureau of Internal Revenue. She started her career with Sycip, Gorres, Velayo & Co. (SGV) as staff auditor. Miss Molina, a Filipino, is 56 years old.

All the directors and executive officers named above were elected to their positions for a term of one (1) year and to serve as such until their successors are elected and qualified.

None of the directors and officers of the Company was involved in the past five years in any bankruptcy proceeding. Neither have they been convicted by final judgment in any criminal proceeding, nor been subject to any order, judgment or decree of competent jurisdiction, permanently enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court or administrative body to have violated a securities or commodities law.

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

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

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

Item 10 – Executive Compensation

DIRECTORS

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

EXECUTIVE OFFICERS

The annual compensation of the Company's executive officers for the last two (2) fiscal years and the ensuing year 2013 (estimate) are as follows:

Executive Officer	Position	Salary			Bonus	Other Annual Compensation
		2013 (Estimate)	2012	2011		
Esteban G. Peña Sy	President					
Araceli C. Molina	Treasurer					
Total of above named officers and Directors as a group		P4.63M	P4.40M	P4.08M	None	None

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

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

Item 11 – Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

Stockholders owning more than 5% of the Registrant's shares of stocks as of December 31, 2012:

Title of Class	Name And Address Of Record Owner And Relationship With Issuer	Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Prokey Investment Ltd.** c/o Mabuhay Holdings Corporation: 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223	Esteban G. Peña Sy, President of Registrant	Filipino	351,289,763	29.27
Common	PCD Nominee Corporation* G/F MSE Building 6767Ayala Avenue, Makati City	B. A. Securities *	Foreign	347,928,000	28.99
Common	PCD Nominee Corporation* G/F MSE Building 6767Ayala Avenue, Makati City	B. A. Securities*	Filipino	334,663,998	27.89
TOTAL				1,033,881,761	86.15

* Out of the total shares held by PCD, 59,039,106 shares classified as Domestic and 337,953,000 shares classified as Foreign are in the name of B. A. Securities, Inc. This bank is the only participant under the PCD that owns 5% or more of the Company's voting stock. While in the past year, Mr. Esteban G. Peña Sy or Atty. Roberto V. San Jose, the Chairman of the Meeting was appointed proxy for 396,673,000 shares in the name of B. A. Securities, Inc., Registrant is not aware of the identity of its new proxy, if any, entitled to vote in the forthcoming annual stockholders' meeting.

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

(2) Security Ownership of Management.

The following directors and officers are record/beneficial (R/B) owners of the Registrant's shares as indicated opposite their names as of December 31, 2012:

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

Item 12 – Certain Relationships and Related Transactions

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

PART IV – CORPORATE GOVERNANCE

Item 13 – Compliance with Leading Practice on Corporate Governance

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

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

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

PART V -- EXHIBITS AND SCHEDULES

Item 14 – Exhibits and Reports on Form 17-C

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

B. **Report on SEC Form 17-C**

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

Date	Disclosures
October 5, 2012	Election of Directors for the term 2012-2013
	Appointment of Isla Lipana & Co. as external auditors
	Election of Officers and Corporate Governance Committee Members
	Approval of Audit Committee Charter

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

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporate Code, this report is signed on its behalf by the issuer by the undersigned, thereunto duly authorized, in the City of Makati, on April 12, 2013.

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
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 2013, affiants exhibiting to me their Community Tax Certificates, as follows:

Affiant	CTC No.	Date of Issue	Place of Issue
Roberto V. San Jose	10687077	February 1, 2013	Makati City
Esteban G. Peña Sy	22013118	January 4, 2013	Makati City
Delfin P. Angcao	10687019	February 1, 2013	Makati City
Araceli C. Molina	01225398	January 28, 2013	Mandaluyong City

Doc. No. 305
Page No. 72
Book No. XIX
Series of 2013

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2014
IBP No. 656155-Lifetime Member
MCLE Compliance No. III-0014282
Appointment No. M-199-(2013-2014)
PTR No. 3664330 Jan. 2, 2013
Makati City Roll No. 40091
101 Urban Ave., Brgy. Pio del Pilar,
Makati City

MABUHAY HOLDINGS CORPORATION

INDEX TO EXHIBITS
SEC FORM 17-A

* Either not applicable to the Company or requires no answer

SUBSIDIARIES OF THE REGISTRANT

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

A. Wholly-owned subsidiaries

T & M Holdings, Incorporated
M & M Holdings Corporation

B. Others

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
IRC Properties, Inc.	42.49 (direct and indirect thru T&M Holdings Inc.)

MABUHAY
HOLDINGS CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **MABUHAY HOLDINGS CORPORATION and Subsidiaries** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2012 and 2011, in accordance with the prescribed financial reporting framework indicated, including the additional components attached therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

Isla Lipana & Co., PwC (PricewaterhouseCoopers) member firm, the independent auditors appointed by the stockholders, has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

ROBERTO V. SAN JOSE
Chairman of the Board of Directors

ESTEBAN G. PEÑA SY
President

ARACELI C. MOLINA
Chief Financial Officer

SUBSCRIBED AND SWORN TO before me, a Notary Public, for and in Makati City, this 11th day of April 2013, affiants exhibiting to me their Community Tax Certificates/Passports, as follows:

Affiant	CTC No.	Date of Issue	Place of Issue
Roberto V. San Jose	10687007	February 01, 2013	Makati City
Esteban G. Peña Sy	22013118	January 04, 2013	Makati City
Araceli C. Molina	01225398	January 28, 2013	Mandaluyong City

Doc. No. 226
Page No. 47
Book No. XIX
Series of 2013

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2013
IBP NO. 656155-Lifetime Member
MCLE Compliance No. III-0014282
Appointment No. M-199-(2013-2014)
PTR No. 3664330 Jan. 2, 2013
Makati City Roll No. 40
101 Urban Ave., Brgy. Pio del Pilar,
Makati City

35TH FLOOR, RUFINO PACIFIC TOWER, 6784 AYALA AVENUE, MAKATI CITY 1223 PHILIPPINES
TEL.No. (632) 750-2000 FAX No. (632) 751-0773

Mabuhay Holdings Corporation and Subsidiaries

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

Isla Lipana & Co.

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 Financial Statements

We have audited the accompanying consolidated financial statements of Mabuhay Holdings Corporation and its Subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2012, 2011 and 2010, and the consolidated statements of total comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Isla Lipana & Co.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Mabuhay Holdings Corporation and its Subsidiaries as at December 31, 2012, 2011 and 2010, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2012 in accordance with Philippine Financial Reporting Standards.

Isla Lipana & Co.

Roderick M. Danao
Partner
CPA Cert. No. 88453
P.T.R. No. 0011280, issued on January 2, 2013, Makati City
SEC A.N. (individual) as general auditors 1202-A, Category A; effective until March 21, 2015
SEC A.N. (firm) as general auditors 0009-FR-3; effective until August 15, 2015
TIN 152-015-078
BIR A.N. 08-000745-42-2012, issued on February 1, 2012; effective until January 31, 2015
BOA/PRC Reg. No. 0142, effective until December 31, 2013

Makati City
April 15, 2013

Isla Lipana & Co.

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

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

We have audited the consolidated financial statements of Mabuhay Holdings Corporation and subsidiaries as at and for the year ended December 31, 2012, on which we have rendered the attached report dated April 12, 2013. The supplementary information shown in the Map of the Group of Companies within which the Reporting Entity Belongs and the Schedule of Philippine Financial Reporting Standards effective as at December 31, 2012, as required by Part I, Section 4 of Rule 68 of the Securities Regulation Code, and Schedules A, B, C, D, E, F, G, and H, as required by Part II, Section 6 of Rule 68 of the Securities Regulation Code, are presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information are the responsibility of management and has been subjected to the auditing procedures applied in the audits of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 68 of the Securities Regulation Code.

Isla Lipana & Co.

Roderick M. Danao
Partner
CPA Cert. No. 88453
P.T.R. No. 0011280, issued on January 2, 2013, Makati City
SEC A.N. (individual) as general auditors 1202-A, Category A; effective until March 21, 2015
SEC A.N. (firm) as general auditors 0009-FR-3; effective until August 15, 2015
TIN 152-015-078
BIR A.N. 08-000745-42-2012, issued on February 1, 2012; effective until January 31, 2015
BOA/PRC Reg. No. 0142, effective until December 31, 2013

Makati City
April 15, 2013

Mabuhay Holdings Corporation and Subsidiaries

Consolidated Statements of Financial Position
December 31, 2012, 2012 and 2011
(All amounts in Philippine Peso)

	Notes	2012	2011 (as restated)	2010 (as restated)
ASSETS				
CURRENT ASSETS				
Cash on hand and in banks	6	5,083,254	6,349,032	25,193,094
Financial assets at fair value through profit or loss	7	2,030,822	9,701,265	7,101,258
Notes and other receivables, net	8	408,588,498	367,242,051	224,088,686
Prepayments		2,647,662	2,513,807	2,775,607
Total current assets		418,350,236	385,806,155	259,158,645
NON-CURRENT ASSETS				
Investments in associates	9	884,907,853	832,605,311	795,977,852
Property and equipment, net	10	10,323,746	8,233,518	9,471,773
Investment properties	11	214,273,520	194,047,240	187,195,880
Other non-current assets		151,896	161,747	204,901
Total non-current assets		1,109,657,015	1,035,047,816	992,850,406
Total assets		1,528,007,251	1,420,853,971	1,252,009,051
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Borrowings	12	298,399,038	296,008,794	181,183,009
Accrued expenses and other payables	13	66,915,071	71,020,044	55,016,460
Due to related parties	19	9,314,664	9,359,040	9,399,040
Subscriptions payable		2,500	2,500	2,500
Deposits for future share subscriptions	14	194,695,274	194,695,275	194,695,275
Total current liabilities		569,326,547	571,085,653	440,296,284
NON-CURRENT LIABILITY				
Deferred income tax liabilities, net	17	53,999,848	42,898,392	41,746,208
Total liabilities		623,326,395	613,984,045	482,042,492
EQUITY	15			
Capital attributable to equity holders of the Parent Company				
Share capital		955,034,053	939,484,053	939,484,053
Treasury shares		(61,782,864)	(61,782,864)	(61,782,864)
Deficit		(77,701,744)	(157,228,841)	(189,071,139)
		815,549,594	720,472,348	688,630,050
NON-CONTROLLING INTEREST		89,131,411	86,397,578	81,336,509
Total equity		904,680,856	806,869,926	769,966,559
Total liabilities and equity		1,528,007,251	1,420,853,971	1,252,009,051

(The notes on pages 1 to 35 are an integral part of these financial statements.)

Mabuhay Holdings Corporation and Subsidiaries

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2012
(All amounts in Philippine Peso)

	Notes	2012	2011 (as restated)	2010 (as restated)
REVENUES				
Rental	11,20	6,217,884	6,134,962	4,263,674
Gain on fair value change in investment property	11	20,226,280	6,851,360	20,984,915
		26,444,164	12,986,322	25,248,589
OPERATING EXPENSES				
Salaries and employee benefits	21	3,336,281	3,312,051	3,782,471
Depreciation and amortization	10	1,791,504	1,423,049	1,314,165
Professional fees		1,086,876	1,086,266	1,189,005
Others	16	6,499,550	6,822,082	7,552,219
		12,714,211	12,643,448	13,837,860
INCOME FROM OPERATIONS		13,729,953	342,874	11,410,729
OTHER INCOME (EXPENSES)				
Finance income, net				
Interest income	8	43,007,771	41,597,155	29,259,251
Interest expense	12	(41,144,090)	(40,544,057)	(21,387,208)
Share in net earnings of associates	9	37,884,706	36,627,459	185,135,333
Foreign exchange gain (loss), net	12	19,602,843	(18,999)	10,308,181
Gain on disposal of assets	22	21,407,065	1,296,267	4,729,379
Unrealized (loss) gain on securities	7	(213,703)	(539,515)	588,075
Others		37,943	184,083	158,476
		80,582,535	38,602,393	208,791,487
INCOME BEFORE INCOME TAX		94,312,488	38,945,267	220,202,216
PROVISION FOR INCOME TAX	17	12,051,558	2,041,900	9,453,569
NET INCOME FOR THE YEAR		82,260,930	36,903,367	210,748,647
OTHER COMPREHENSIVE INCOME		-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		82,260,930	36,903,367	210,748,647
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	18	0.08957	0.03628	0.21265
Net income attributable to:				
Equity holders of the Parent Company		79,527,097	31,842,298	186,639,116
Non-controlling interest		2,733,833	5,061,069	24,109,531
		82,260,930	36,903,367	210,748,647
Total comprehensive income attributable to:				
Equity holders of the Parent Company		79,527,097	31,842,298	186,639,116
Non-controlling interest		2,733,833	5,061,069	24,109,531
		82,260,930	36,903,367	210,748,647

(The notes on pages 1 to 35 are an integral part of these financial statements.)

Mabuhay Holdings Corporation and Subsidiaries

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2012
(All amounts in Philippine Peso)

	Equity Holders of the Company				
	Share capital (Note 15)	Treasury shares (Note 15)	Deficit	Non-controlling interest	Total
Balances at January 1, 2010					
As previously reported	939,484,053	(61,782,864)	(820,791,366)	13,968,027	70,877,850
Effect of restatements (Note 23)	-	-	445,081,111	43,258,951	488,340,062
As restated	939,484,053	(61,782,864)	(375,710,255)	57,226,978	559,217,912
Comprehensive income					
Net income for the year	-	-	186,639,116	24,109,531	210,748,647
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	186,639,116	24,109,531	210,748,647
Balances at January 1, 2011	939,484,053	(61,782,864)	(189,071,139)	81,336,509	769,966,559
Comprehensive income					
Net income for the year	-	-	31,842,298	5,061,069	36,903,367
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	31,842,298	5,061,069	36,903,367
Balances at January 1, 2012	939,484,053	(61,782,864)	(157,228,841)	86,397,578	806,869,926
Comprehensive income					
Net income for the year	-	-	79,527,097	2,733,833	82,260,930
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	79,527,097	2,733,833	82,260,930
Transactions with owners					
Collection of unpaid subscriptions	15,550,000	-	-	-	15,550,000
Total transactions with owners	15,550,000	-	-	-	15,550,000
Balances at December 31, 2012	955,034,053	(61,782,864)	(77,701,744)	89,131,411	904,680,856

(The notes on pages 1 to 35 are an integral part of these financial statements.)

Mabuhay Holdings Corporation and Subsidiaries

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2012
(All amounts in Philippine Peso)

	Notes	2012	2011 (as restated)	2010 (as restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		94,312,488	38,945,267	220,202,216
Adjustments for:				
Interest expense	12	41,144,090	40,544,057	21,387,208
Depreciation and amortization	10,11	1,791,504	1,423,050	1,314,165
Unrealized loss (gain) on securities	7	213,703	539,515	(588,075)
Fair value gain in investment properties	11	(20,226,280)	(6,851,360)	(20,984,915)
Unrealized foreign exchange (gain) loss	12	(19,602,843)	49,102	(10,522,923)
Gain on disposal of assets	7,22	(21,407,065)	(1,296,267)	(4,729,379)
Share in net earnings of associates	9	(37,884,706)	(36,627,459)	(185,135,333)
Interest income	8	(43,007,771)	(41,597,155)	(29,259,251)
Operating loss before working capital changes		(4,666,880)	(4,871,250)	(8,316,287)
Decrease (increase) in:				
Notes and other receivables	8	1,009,870	(117,316,681)	74,925,022
Other non-current assets		9,851	43,153	100,348
Prepaid expenses		(1,082,736)	(626,694)	(1,046,601)
Increase (decrease) in:				
Accrued expenses and other payables		18,288,114	17,190,285	5,936,018
Due to related parties		(44,376)	(40,000)	(3,914,780)
Cash generated from (used in) operations		13,513,843	(105,621,187)	67,683,720
Interest received		3,094,988	15,760,471	283,211
Income taxes paid		(1,222)	(1,187,923)	(1,010,404)
Net cash generated from (used in) operating activities		16,607,609	(91,048,639)	66,956,527
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of investment and properties	22	32,483,135	-	3,500,000
Net proceeds from disposal of financial asset at fair value through profit or loss		7,456,740	(1,843,255)	(1,816,464)
Proceeds from disposals of property and equipment		-	-	9
Acquisitions of property and equipment	10	(3,881,732)	(184,795)	(424,898)
Additional investment in associates		(27,937,440)	-	(191,750,492)
Net cash provided by (used in) investing activities		8,120,703	(2,028,050)	(190,491,845)
CASH FLOWS FROM FINANCING ACTIVITIES				
Collection of subscriptions receivable		15,550,000	-	-
Proceeds from borrowings	12	-	114,880,378	175,309,033
Subscription payable		-	-	2,500
Payment of borrowings		(400,000)	(103,694)	(14,019,245)
Interest paid		(41,144,090)	(40,544,057)	(14,449,009)
Net cash (used in) provided by financing activities		(25,994,090)	74,232,627	146,843,279
NET (DECREASE) INCREASE IN CASH ON HAND AND IN BANKS		(1,265,778)	(18,844,062)	23,307,961
CASH ON HAND AND IN BANKS				
January 1		6,349,032	25,193,094	1,885,133
December 31		5,083,254	6,349,032	25,193,094

(The notes on pages 1 to 35 are an integral part of these financial statements.)

Mabuhay Holdings Corporation and Subsidiaries

Notes to Financial Statements
As at and for each of the three years in the period ended December 31, 2012
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

Mabuhay Holdings Corporation (the “Company” or “Parent Company”) was incorporated in the Philippines on April 6, 1988 primarily to engage in the acquisition of and disposal of investments in marketable securities, shares of stocks and real estate properties. The Parent Company is 29.3% owned by Prokey Investments Limited, a 100% Filipino-owned company registered in the British Virgin Islands and licensed by the Securities and Exchange Commission (SEC) on March 15, 2011 to operate a representative office in the Philippines. The remaining 70.7% is owned by various individuals and corporations. The Parent Company’s common shares were listed in the Philippine Stock Exchange (PSE) in 1990. Other than its share listing in 1990, there were no other share offerings as at December 31, 2012.

The subsidiaries have no significant commercial operations as at December 31, 2012, 2011 and 2010. The subsidiaries’ operations consist mainly of preservation and maintenance of existing investment properties.

The Group’s main focus is to support the ongoing property developments of its large associate, Interport Resources Corporation (IRC). IRC entered into an agreement with a third party for the development of a portion of a large property in Binangonan and was able to generate P399 million cash in 2010 through stock rights offering. These ongoing property developments of IRC are expected to generate significant amount of sustainable income stream and operating cash flows to the Group.

As at December 31, 2012, IRC is actively pursuing negotiations with a key real estate industry player to develop a huge portion of its Binangonan property, whether pursuant to a purchase or joint venture, into a mixed-use township project. The on-going negotiations for a possible seven-year project divided into three phases are expected to be completed in the next 6 months. This prospective development project is expected to be a large scale development which will substantially increase the value of IRC's vast property. To date, a total of 142 hectares are ready for immediate development. IRC owns more than 2,000 hectares of land in Binangonan Rizal.

With the forgoing developments and business prospects of IRC, the Group expects to fully recover all its notes receivables and advances to IRC. Moreover, it also expects IRC to generate a sustained and healthy return on its investments when large scale development commences.

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

The Group has seven (7) employees at December 31, 2012, 2011 and 2010.

The consolidated financial statements have been approved and authorized for issue by the Board of Directors on April 12, 2013.

Note 2 - Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of the 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), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by SEC.

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

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

Changes in accounting policy and disclosures

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

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

The Group adopted the following amendments to existing standards and interpretations approved by the FRSC which are effective for the Group beginning January 1, 2012:

- *PAS 12 (Amendment), Income Taxes - Deferred Tax* (effective January 1, 2012). PAS 12 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in PAS 40, Investment Property. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, Income Taxes - Recovery of Revalued Non-Depreciable Assets, will no longer apply to investment properties carried at fair value. The amendments also incorporate into PAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.

  The Group applied the amendments beginning January 1, 2012. Total deferred taxes arising from fair value gains from investment properties amount to P54,177,739 in 2012.

(b) New standards, amendments and interpretations to existing standards that are not yet effective and not early adopted by the Group

- *PAS 28 (Revised), Investments in Associates and Joint Ventures* (effective January 1, 2013). This revised standard includes the requirements for joint ventures, as well as associates, to be accounted for using the equity method following the issuance of PFRS 11. The Group will apply the revised standard beginning January 1, 2013. The Group is currently assessing the full impact on the financial statements as investments in associates are currently accounted for using the cost method in the Company's separate financial statements. The Group has no investments in joint ventures.

- *PFRS 9, Financial Instruments* (effective January 1, 2015). This new standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of PAS 39 that relate to the classification and measurement of financial instruments. PFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the PAS 39 requirements. The Group will apply this new standard beginning January 1, 2015 but is not expected to result in significant changes to the financial statements.

- *PFRS 10, Consolidated Financial Statements* (effective January 1, 2013). This new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. Group will adopt this new standard beginning January 1, 2013 and is currently assessing the full impact on the financial statements upon adoption.

- *PFRS 13, Fair Value Measurement* (effective January 1, 2013). This new standard aims to improve consistency and reduce complexity by providing a clarified definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The Group will apply this new standard beginning January 1, 2013 but the adoption is not expected to have a significant impact on the financial statements as the current fair value measurement of its financial instruments carried at fair value is already consistent with requirements of the new standard.

There are no other standards, amendments or interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2012, 2011 and 2010. The subsidiaries' financial statements are prepared using the same reporting year as the Parent Company. The accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

This consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries as at December 31, 2012, 2011 and 2010:

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

*With significant control or power to govern

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

(a) Subsidiaries

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

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

MAC, TTCI and TPHC are consolidated because the Parent Company takes effective and substantial 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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share in the net assets acquired, the difference is recognized directly in profit or loss.

Intercompany transactions, balances and intragroup gains on transactions between the Group of companies are eliminated. Intragroup losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The results of the subsidiaries acquired or disposed during the year are included in profit or loss from the effective acquisition date or up to the effective date on which control ceases, as appropriate.

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 non-controlling interests

Interests in the equity of subsidiaries not attributable to the Parent Company are reported in the statements of financial position as non-controlling interests. Profits or losses attributable to non-controlling interests are reported in the statement of total comprehensive income.

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Parent Company. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) 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 in the consolidated financial statements are accounted for by the equity method of accounting and are initially recognized at cost.

The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in reserves is recognized in equity. 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, it does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Intragroup gains on transactions between the Group and its associates are eliminated to the extent of its interest in the associates. Intragroup 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.

2.3 Cash on hand and in banks

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

2.4 Financial assets

2.4.1 Classification of financial assets

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

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

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

The Group's listed equity securities (Note 7) that are held for trading are classified under this category.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those that will mature more than 12 months after the reporting date.

The Group loans and receivable comprise cash in banks, notes receivables, other receivables and refundable deposits under other non-current assets in the statement of financial position.

(c) Held-to-maturity investments

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

The Group does not hold financial assets under this category.

(d) Available-for-sale financial assets

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

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

2.4.2 Initial recognition and subsequent measurement

Regular-way 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. Transaction costs on financial assets carried at fair value through profit or loss are expensed as incurred.

Available for-sale financial assets and financial assets at 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.

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

2.4.3 Derecognition of financial assets

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

2.4.4 Impairment of financial assets

(i) Assets carried at amortized cost

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

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

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss.

(ii) Assets classified as available-for-sale

For debt securities, the Group first assesses whether there are changes in the paying capacity of the issuer characterized by the following:

- delinquency in contractual payments of principal or interest;
- cash flow difficulties experienced by the borrower;
- breach of loan covenants or conditions;
- initiation of bankruptcy proceedings;
- deterioration of the borrower's competitive position; and
- deterioration in the value of collateral.

In the case of equity investments classified as available-for-sale and fair value through profit and loss, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. Generally, the Group treats "significant" as 20% or more and "prolonged" as greater than 12 months. If any such evidence exists for the financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from other comprehensive income and recognized in profit or loss. Impairment losses recognized on equity instruments are not reversed through profit or loss.

If in a subsequent period, the fair value of a debt instrument previously impaired increases and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. Reversal of impairment losses recognized previously on equity instruments is made directly to other comprehensive income.

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

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

2.5 Financial liabilities

2.5.1 Classification and measurement of financial liabilities

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

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

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

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

The Group does not hold financial liabilities under this category.

(b) Other liabilities at amortized cost

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

The Group's borrowings, due to related parties and subscriptions payable are classified under this category.

2.5.2 Initial recognition and subsequent measurement

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

2.5.3 Derecognition of financial liabilities

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

2.6 Offsetting of financial instruments

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

2.7 Prepayments

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

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

2.8 Property and equipment

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

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

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

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

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

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

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

2.9 Investment properties

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

Effective 2012, the Group has adopted the fair value approach in measuring investment properties. This change in policy has been applied retrospectively.

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

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

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

2.10 Impairment of non-financial assets

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

2.11 Accrued expenses 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 Group is established. These are recognized initially at fair value and subsequently measured at amortized cost using effective interest method.

2.12 Borrowings and borrowing costs

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

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

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. There are no qualifying assets as at reporting dates. All other borrowing costs are expensed as incurred.

2.13 Revenue and expenses recognition

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

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

(a) *Rental income*

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

(b) Interest income and expense

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

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

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

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

(c) *Other income*

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

(d) Expenses

Operating expenses are recognized when they are incurred.

2.14 Income tax

(a) Current income tax

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognized as an expense for the year except to the extent that current tax is related to items (for example, current tax on available-for-sale investments) that are charged or credited in other comprehensive income or directly to capital funds.

(b) Deferred income tax

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 financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

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 (minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred income tax liabilities are recognized in full for all taxable temporary differences.

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

Deferred income tax expense or credit included in Provision for income tax is recognized for the changes during the year in the deferred income tax assets and liabilities.

(c) Recent tax laws and significant resolutions

On December 28, 2010, RR No. 15-2010 became effective and amended certain provisions of RR No. 21-2001 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements, income tax returns and information on taxes, duties and license fees paid or accrued during the year.

RR No. 19-2011, issued on December 9, 2011, prescribed the New Income Tax Form No. 1702. This regulation further requires the inclusion of supplementary schedules of sales/receipts/fees, costs of sales/services, non-operating and taxable other income, itemized deduction (if the taxpayer did not avail of OSD), taxes and licenses, and other information in the notes to the financial statements.

2.15 Provisions

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

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

2.16 Share capital

(a) Common shares

Common shares are classified as equity.

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

(b) Treasury shares

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

2.17 Earnings per share

Basic EPS is calculated by dividing income applicable to common shares by the weighted average number of common shares outstanding during the year. Diluted EPS is computed in the same manner as basic EPS, however, net income attributable to common shares and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares. There are no dilutive potential common shares for the Group.

2.18 Leases

(a) The Group is the lessor

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

(b) The Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

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 Parent Company's functional and presentation currency.

(b) Transactions and balances

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

2.20 Related party relationships and transactions

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

2.21 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

2.22 Subsequent events (or events after the reporting date)

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

2.23 Restatements

Certain amounts in the 2011 and 2010 financial statements and supporting note disclosures have been restated to conform to the Company's change in accounting policy, which are discussed in Note 23.

In accordance with PAS 1 (Revised), a three-year comparative statement of financial position and notes to corresponding accounts affected have been prepared with respect to this restatement as disclosed in Note 23. No other notes to financial statements have been impacted by this restatement.

Note 3 - Financial risk and capital management

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

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

3.1 Market risk

(a) Foreign exchange risk

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

The Group's exposure to currency risk relates only to the foreign currency denominated borrowings amounting to HK$25,000,000 (2011 - HK$ 25,000,000; 2010 - HK$5,000,000) and US$3,685,265 (2011 - US$3,200,265; 2010 - US$3,168,184) at December 31, 2012.

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

	Change in exchange rate	Impact on income before tax
At December 31, 2012		
US dollar	+6.48%	(1,620,000)
US dollar	-6.48%	1,620,000
Hongkong dollar	+5.96%	(219,642)
Hongkong dollar	-5.96%	219,642
At December 31, 2011		
US dollar	+0.75%	(1,004,243)
US dollar	-0.75%	1,004,243
Hongkong dollar	+0.33%	(464,018)
Hongkong dollar	- 0.33%	464,018
At December 31, 2010		
US dollar	+ 5%	(6,944,615)
US dollar	- 5%	6,944,615
Hongkong dollar	+ 5%	(1,409,175)
Hongkong dollar	- 5%	1,409,175

(b) Price risk

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

(c) Interest rate risk

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

3.2 Credit risk

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

(a) Maximum exposure to credit risk

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

The table below shows the credit quality of significant financial assets as at December 31:

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

2011	Fully performing	Past due but not impaired	Past due and impaired	Allowance for impairment	Total
Cash in banks	6,334,032	-	-	-	6,334,032
Notes and other receivables, net	367,242,051	-	17,734,762	(17,734,762)	367,242,051
Refundable deposits	3,800	-	-	-	3,800
	373,579,883	-	17,734,762	(17,734,762)	373,579,883

2010	Fully performing	Past but not impaired	Past due and impaired	Allowance for impairment	Total
Cash in banks	25,178,094	-	-	-	25,178,094
Notes and other receivables, net	224,088,686	-	17,734,762	(17,734,762)	224,088,686
Refundable deposits	19,800	-	-	-	19,800
	249,286,580	-	17,734,762	(17,734,762)	249,286,580

(i) Cash in banks

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

As at December 31, 2012, 2011 and 2010, the Group's funds are maintained with universal banks.

(ii) Notes and other receivables

Notes receivables classified as fully performing are current and expected to be fully settled by IRC, a related party. Management believes this balance is fully recoverable given the huge potential and improving financial condition of IRC. There were no collaterals held related to notes and other receivables.

(ii) Refundable deposits

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

3.3 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's liquidity management process as carried out within the Group includes:

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

Accordingly, each financial asset and liability is structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. The amounts disclosed in the table below are the expected undiscounted cash flows of financial assets and liabilities, which the Group uses to manage the inherent liquidity risk.

The table below shows of financial assets and liabilities at December 31 which are all current, except for refundable deposits which are expected to be collected within 1-3 years:

	2012	2011	2010
Assets			
Cash in bank	5,068,254	6,334,032	25,178,094
Financial asset at fair value through profit or loss	2,030,822	9,701,265	7,101,258
Notes and other receivables, net	373,895,795	349,902,574	224,088,686
Refundable deposits	88,300	3,800	19,800
Total financial assets	381,083,171	365,941,671	256,387,838
Liabilities			
Borrowings	328,658,843	326,268,599	211,442,814
Due to related parties	9,314,664	9,359,040	9,399,040
Total financial liabilities	337,973,507	335,627,639	220,841,854

Additional advances or loans from shareholders and existing creditors will be obtained to the extent necessary to meet maturing obligations.

3.4 Fair value of financial assets and liabilities

PFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

The Group's financial instruments measured at fair value fall under the category of Level 1. These are valued using published quoted prices from Philippine Stock Exchange. These include financial assets at fair value through profit or loss (Note 7) and available-for-sale securities. There are no financial instruments classified as under Level 2 or Level 3.

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

	Carrying Value/Fair Value		
	2012	2011	2010
Financial assets			
Cash in bank	5,068,254	6,334,032	25,178,094
Notes and other receivables	373,895,795	349,902,574	224,088,686
Refundable deposits	88,300	3,800	19,800
	379,052,349	356,240,406	249,286,580
Financial liabilities			
Borrowings	298,399,038	296,008,794	181,183,009
Due to related parties	9,314,664	9,359,040	9,399,040
	307,713,702	305,367,834	190,582,049

Except for refundable deposits, the above carrying amounts approximate fair values at reporting dates due to the short-term nature of financial assets and liabilities.

Note 4 - Capital management

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

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

Given the very limited pre-operating activities undertaken by the Group, it does not require intensive capitalization as at December 31, 2012, 2011 and 2010. The Group's main objective is to ensure it has adequate funding source moving forward to support the development projects of IRC which is expected to provide sustained stream of cash flow in the near future.

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

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

Note 5 - Critical accounting estimate and judgment

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

5.1 Critical accounting judgments

(a) Recoverability of receivables (Note 8)

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

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

Management believes that carrying amount of notes receivables at reporting dates is collectible given the ongoing developments and positive operating prospects of IRC.

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

Management reviews at each reporting date the carrying amounts of deferred income tax assets. The carrying amount of deferred income tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax assets can be utilized. Management believes that the non-recognition of deferred income tax assets of P4.77 million (2011 - P3.90 million; 2010 - P5.77 million) is appropriate due to the Group's limited capacity to generate sufficient taxable income in the future.

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

Management believes that the carrying amount of investment in IRC, including notes receivable described in Note 8, are fully recoverable due to a number of factors, which include among others, the following:

1) IRC has a vast tract of land held for development and capital appreciation in Binangonan Rizal. Portion of the 425-hectare property has started development, hence, the property's fair value started to appreciate. The fair value is expected to substantially increase when additional developments are undertaken. Currently, the property is valued at P650 per square meter.
2) IRC is in process of constructing a residential project over a 29 hectare property under the joint development agreement with a local developer.
3) IRC has successfully generated P399 million cash arising from its stock rights offering in 2010.
4) IRC is in the process of negotiating with a key industry player to undertake a major development project.
5) Clearing and retitling is ongoing for the remaining large portion of the land to make it ready for future developments.
6) There are still more than 1,500 hectares to clear which are legally owned by IRC under the Supreme Court ruling. This vast property is expected to provide long-term sustainable land bank for the Group's future development. These are contingent assets which can be recognized when clearing and retitling process is completed.

Note 6 - Cash on hand and in banks

The account at December 31 consists of:

	2012	2011	2010
Cash in banks	5,068,254	6,334,032	25,178,094
Cash on hand	15,000	15,000	15,000
	5,083,254	6,349,032	25,193,094

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

The account as at December 31, 2012, 2011 and 2010 consists of listed equity shares with fair value based on current bid prices in an active market.

Gain on disposals of financial assets at fair value through profit or loss amounts to P3.0 million (2011 - P1.30 million; 2010 - P1.79 million).

Note 8 - Notes and other receivables, net

The account at December 31 consists of:

	Note	2012	2011	2010
Notes receivable		419,843,151	379,488,418	237,174,377
Due from related parties	19	343,191	53,867	77,777
Advances and other receivables		6,136,918	5,434,528	4,571,294
		426,323,260	384,976,813	241,823,448
Allowance for impairment losses		(17,734,762)	(17,734,762)	(17,734,762)
		408,588,498	367,242,051	224,088,686

Notes receivable mainly represents loans granted to IRC with no definite payment terms and bears annual interest rates ranging from 12% to 18%. The account also includes accrued interest receivable of P166.0 million (2011 - P126.09 million; 2010 - P100.32 million). Total interest income recognized from this loan for the years ended December 31, 2012, 2011 and 2010 amounts to P22.1 million, P24.26 million and P28.98 million, respectively. These loans are due and demandable at reporting dates.

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

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

The movement in allowance for impairment losses is summarized below:

	2012	2011	2010
At January 1	17,734,762	17,734,762	18,188,191
Reversal of allowance	-	-	(453,429)
At December 31	17,734,762	17,734,762	17,734,762

Note 9 - Investment in associate

Details of the account at December 31 follow:

	Ownership	2012	2011	2010
Acquisition cost				
Balance at January 1	43.99%	575,637,344	575,637,344	575,637,344
Share acquisitions		27,937,440	-	-
Disposals		(13,519,604)	-	-
Balance at December 31	42.49%	590,055,180	575,637,344	575,637,344
Accumulated share in net income of associate				
Balance at January 1		256,967,967	220,340,508	35,205,175
Share in net earnings of associate		37,884,706	36,627,459	185,135,333
Balance, December 31		294,852,673	256,967,967	220,340,508
Total		884,907,853	832,605,311	795,977,852

The Company sold a portion of its investment in associate which resulted in a gain of P18,963,531 in 2012. Proceeds from disposals of the investment amount to P32,483,135.

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

	2012	2011	2010
		(in millions of Peso)	
Total assets	2,374.10	2,087.44	2,075.86
Total liabilities	1,614.35	1,469.28	1,423.80
Total equity	759.75	617.96	652.06
Revenue	7.67	16.04	-
Net income	89.16	87.86	193.82

Note 10 - Property and equipment, net

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

	Furniture and fixtures	Office equipment	Communication and other equipment	Office condominium	Building improvements	Transportation equipment	Total
Cost							
Balances at January 1, 2010	1,354,109	733,842	1,043,144	13,746,305	3,859,242	1,451,488	22,188,130
Additions	308,007	116,891	-	-	-	-	424,898
Disposals	-	-	(230,982)	-	-	-	(230,982)
Balances at December 31, 2010	1,662,116	850,733	812,162	13,746,305	3,859,242	1,451,488	22,382,046
Additions	-	151,314	33,481	-	-	-	184,795
Balances at December 31, 2011	1,662,116	1,002,047	845,643	13,746,305	3,859,242	1,451,488	22,566,841
Additions	-	87,089	-	-	-	3,794,643	3,881,732
Balances at December 31, 2012	1,662,116	1,089,136	845,643	13,746,305	3,859,242	5,246,131	26,448,573
Accumulated depreciation							
Balances at January 1, 2010	686,747	516,227	940,399	8,954,101	284,698	444,909	11,827,081
Depreciation and amortization	188,858	61,108	27,389	508,908	379,598	148,304	1,314,165
Disposals	-	-	(230,973)	-	-	-	(230,973)
Balances at December 31, 2010	875,605	577,335	736,815	9,463,009	664,296	593,213	12,910,273
Depreciation and amortization	242,424	110,842	32,973	508,909	379,598	148,304	1,423,050
Balances at December 31, 2011	1,118,029	688,177	769,788	9,971,918	1,043,894	741,517	14,333,323
Depreciation and amortization	242,424	98,716	34,089	508,909	527,768	379,598	1,791,504
Balances at December 31, 2012	1,360,453	786,893	803,877	10,480,827	1,571,662	1,121,115	16,124,827
Net book value							
December 31, 2012	301,663	302,243	41,766	3,265,478	2,287,580	4,125,016	10,323,746
December 31, 2011	544,087	313,870	75,855	3,774,387	2,815,348	709,971	8,233,518
December 31, 2010	786,511	273,398	75,347	4,283,296	3,194,946	858,275	9,471,773

Note 11 - Investment properties

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

The following amounts have been recognized in profit or loss:

	2012	2011	2010
Rental income	6,217,884	6,134,962	4,263,674
Direct operating expenses arising from investment properties that generate rental income	(1,703,469)	(3,230,214)	(1,789,506)
Direct operating expenses that did not generate rental income	(722,418)	(722,283)	(435,166)
	3,791,997	2,182,465	2,039,002

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

	2012	2011	2010
Balance at January 1	194,047,240	187,195,880	166,773,463
Disposal	-	-	(562,498)
Gain on fair value change	20,226,280	6,851,360	20,984,915
Balance at December 31	214,273,520	194,047,240	187,195,880

Note 12 - Borrowings

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

	2012	2011	2010
Join Capital Limited	257,752,396	253,677,652	138,924,867
Intrinsic Value Management Ltd. (Phils.) Co., a related party	13,624,642	13,624,642	13,624,642
Philippine Strategic International Holdings, Inc., a related party	450,000	450,000	450,000
Others	26,572,000	28,256,500	28,183,500
	298,399,038	296,008,794	181,183,009

During 2010, 2011 and 2012, the Group entered into various loan agreements with a third party, Join Capital Limited, a company incorporated in Hong Kong. The borrowings bear interest rates of 13.2% - 15% per annum. The borrowings include secured liabilities amounting to P237,818,896 (2011 - P253,677,652), which are secured by the Group's investment in shares of IRC (Note 9).

Others represents unsecured borrowings from an individual and unrelated party bearing an interest of 18% annually with no maturity.

Borrowings from related parties and others carry interest rates of 10% - 18% per annum and are payable on demand. These are unsecured loans.

Interest expense incurred from these borrowings amounts to P41.14 million, P40.54 million and P21.39 million for the years ended December 31, 2012, 2012 and 2011, respectively. There was no qualifying asset in 2012, 2011 and 2010.

Foreign exchange gains (losses) arising from these borrowings amount to P19.60 million [2011 - (P0.02 million); 2010 - P10.31 million].

Note 13 - Accrued expenses and other payables

The account at December 31 consists of:

	Note	2012	2011	2010
Accrued expenses		39,096,813	43,015,879	27,196,420
Provisions	23	26,160,652	26,160,652	26,160,652
Others		1,657,606	1,843,513	1,659,388
		66,915,071	71,020,044	55,016,460

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

Note 14 - Deposits for future share subscriptions

In 1997, the Group received from certain shareholders deposits for future share subscriptions amounting to P241.62 million. Movements of P46.93 million in 2008 pertain to cancellation of subscription with the amount previously received as deposits applied against the Group's advances to concerned shareholders. There were no movements in the account in 2012 and 2011.

It is the intention of the shareholders that these balances represent deposits for capital subscription. However, the plan of the management has been put on hold and such has been presented as liability only for the purpose of complying with Financial Reporting Bulletin No. 6 issued by SEC.

Note 15 - Equity

(a) Share capital

Share capital at December 31 consists of:

	2012	2011	2010
Common shares - P1 par value			
In shares			
Authorized	4,000,000,000	4,000,000,000	4,000,000,000
Subscribed and issued	1,200,000,000	1,200,000,000	1,200,000,000
Issued and outstanding	955,034,053	939,484,053	939,484,053

Movement in 2012 pertains to collection of subscriptions from shareholders.

(b) Treasury shares

Treasury shares represent investment of MAC to the Parent Company's shares. Acquisition cost of these shares amounts to P61,782,864.

Note 16 - Operating expenses

Other operating expenses for the years ended December 31 consist of:

	2012	2011	2010
Transportation and travel	358,425	1,632,640	2,033,007
Taxes and licenses	2,323,435	1,792,151	2,033,015
Other fees	722,167	587,617	1,249,227
Representation and entertainment	36,560	13,381	18,545
Communication, light and water	597,647	611,093	575,667
Miscellaneous	2,461,316	2,185,200	1,642,758
	6,499,550	6,822,082	7,552,219

Note 17 - Income taxes

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

	2012	2011	2010
Current	1,310	1,222	1,217
Deferred	12,050,248	2,040,678	9,452,352
Provision for income tax	12,051,558	2,041,900	9,453,569

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

	2012	2011	2010
Tax on pretax income	28,293,746	11,683,580	66,060,665
Adjustment for income subjected to lower tax rates	(6,446,510)	(466,193)	-
Share in net earnings of associates	(11,365,412)	(10,988,238)	(55,540,600)
Unrecognized deferred income tax assets from impairment losses, NOLCO and MCIT	1,502,666	2,126,212	1,146,028
Non-taxable income		-	(20,156,607)
Others	67,068	(313,461)	17,944,083
	12,051,558	2,041,900	9,453,569

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

	2012	2011	2010
Unrealized foreign exchange gain	2,289,005	3,142,147	3,156,877
Fair value gain on investment property	54,177,739	41,274,351	39,218,943
MCIT	(2,466,896)	(1,518,106)	(629,612)
	53,999,848	42,898,392	41,746,208

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

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

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

The deferred income tax assets of the Group as at December 31, 2012 and 2011 which were not recognized consist of the following:

	2012	2011	2010
NOLCO	4,771,604	3,899,885	5,772,212
MCIT	3,422	765,776	981,777
	4,773,810	4,665,661	6,753,989

The details of net operating loss carryover (NOLCO) at December 31, which could be carried over as deduction from taxable income for three consecutive years following the year of incurrence, follow:

Year	Valid Until	2012	2011	2010
2012	2015	5,005,611	-	-
2011	2014	7,083,301	7,083,301	-
2010	2013	3,816,434	3,816,034	3,816,034
2009	2012	2,100,283	2,100,283	2,100,283
2008	2011	-	13,324,391	13,324,391
2007	2010	-	-	-
		18,005,629	26,324,009	19,240,708
Expired		(2,100,283)	(13,324,391)	-
		15,905,346	12,999,618	19,240,708
Deferred income tax asset not recognized at 30%		4,771,604	3,899,885	5,772,212

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

The Company did not recognize the deferred tax asset from NOLCO since management believes that this may not be recovered within the prescription period.

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	Valid Until	2012	2011	2010
2012	2015	949,774	-	-
2011	2014	889,716	889,716	-
2010	2013	630,829	630,829	630,829
2009	2012	763,337	763,337	763,337
2008	2011	-	217,223	217,223
2007	2010	-	-	135,347
		3,233,656	2,501,105	1,746,736
Expired		(763,337)	(217,223)	(135,347)
		2,470,319	2,283,882	1,611,389

During the year, management, because of better operating prospects, believes that they will realize the benefit of its MCIT prior to its expiration, as such, the Parent Company recognized an asset relating to MCIT amounting to P2,466,896 (2011 - P1,518,106; 2010 - P629,612) shown under net deferred tax liabilities.

Note 18 - Basic and diluted earnings per share

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

	2012	2011	2010
Net income attributable to the equity holders of the Parent Company	79,527,098	31,842,298	186,639,116
Divided by the average number of outstanding common shares	887,840,641	877,701,189	877,701,189
Basic earnings per share	0.08957	0.03628	0.21265

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

Note 19 - Related party transactions and balances

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

	2012		
	Transactions	Outstanding balances	Terms and conditions
Notes and other receivables, net (including related interest)			
Associate (IRC)	33,028,461	385,150,448	The outstanding balances are collectible in cash on demand. The receivables are unsecured in nature and bear interests ranging from 12% to 18%.
Entities under common control	289,324	343,191	
	34,535,748	385,493,639	
Allowance for doubtful debts			
Associate	-	(17,734,762)	
	34,535,748	367,758,877	
Borrowings from			
Entities under common control	-	14,074,642	These represent unsecured loans to related parties which bear interest at 10% - 18% per annum and are payable in cash on demand.
	-	14,074,642	
Advances from related parties			
Entities under common control	(944,376)	9,314,664	These are unsecured advances from related parties which bear no interest and are payable in cash on demand.
	(944,376)	9,314,664	
Salaries			
Key management personnel	2,022,536	495,550	Salaries are payable on a month after accrual. As at December 31, outstanding balance remains unpaid.

Intercompany loans eliminated in 2012 amounts to P704,980,317 (2011 - P703,762,354).

	2011		
	Transactions	Outstanding balances	Terms and conditions
Notes and other receivables, net (including related interest)			
Associate	114,947,610	352,121,987	The outstanding balances are collectible in cash on demand.
Entities under common control	(23,910)	53,867	The receivables are unsecured in nature and bear interests ranging from 12% to 18%.
	116,191,897	352,175,854	
Allowance for doubtful debts			
Associate	-	(17,734,762)	
	116,191,897	334,441,092	
Borrowings from			
Entities under common control	-	14,074,642	These represent unsecured loans to related parties which bear interest at 10% - 18% per annum and are payable in cash on demand.
	-	14,074,642	
Advances from related parties			
Entities under common control	(40,000)	9,359,040	These are unsecured advances from related parties which bear no interest and are payable in cash on demand.
	(40,000)	9,359,040	
Salaries			
Key management personnel	2,072,768	495,550	Salaries are payable on a month after accrual. As at December 31, outstanding balance remains unpaid.

	2010		
	Transactions	Outstanding balances	Terms and conditions
Notes and other receivables, net (including related interest)			
Associate	(35,363,360)	237,174,377	The outstanding balances are collectible in cash on demand. The receivables are unsecured in nature and bear interests ranging from 12% to 18%.
Entities under common control	-	77,777	
	(35,363,360)	237,252,154	
Allowance for doubtful debts			
Associate	-	(17,734,762)	
	(35,363,360)	219,517,392	
Borrowings from			
Entities under common control	-	14,074,642	These represent unsecured loans to related parties which bear interest at 10% - 18% per annum and are payable in cash on demand.
	-	14,074,642	
Advances from			
Entities under common control	-	9,399,040	These are unsecured advances from related parties which bear no interest and are payable in cash on demand.
	-	9,399,040	
Salaries			
Key management personnel	2,550,772	495,550	Salaries are payable on a month after accrual. As at December 31, outstanding balance remains unpaid.

Note 20 - Leases

In 2009, the Company occupied a portion of its investment in condominium units and converted it into an office space. The portion which is owner-occupied is properly reclassified as property and equipment (Note 10). The remaining portion is leased to other parties at terms ranging from 1 to 3 years. Rental income from investment in condominium units amounts to P6.21 million, P6.13 million and P4.26 million in 2012, 2011 and 2010, respectively.

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

	2012	2011
Within one year	5,300,122	5,102,123
After one year but not more than five years	2,144,852	4,450,190
	7,444,974	9,552,313

Note 21 - Salaries and employee benefits

The balance of employee benefits at December 31 consists of:

	2012	2011	2010
Salaries and wages	2,643,031	2,584,509	2,631,870
Bonus and allowances	127,850	118,320	106,999
SSS, Philhealth and HDMF	107,011	102,500	88,738
Others	458,389	506,722	954,864
	3,336,281	3,312,051	3,782,471

The total compensation of the Group's executive officers for the years ended December 31, 2012, 2011 and 2010 amounted to P2.02 million, P2.07 million and P2.55 million, respectively (Note 19).

As at December 31, 2012, the Group has less than 10 employees. Consequently, it is exempted from complying with minimum retirement benefit under R.A. 7641.

Note 22 - Gain on disposal of assets

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

	Notes	2012	2011	2010
Investment property	11	-	-	2,937,500
Investment in associates	9	18,406,002	-	-
Financial asset at fair value through profit or loss	7	3,001,063	1,296,267	1,791,879
		21,407,065	1,296,267	4,729,379

Note 23 - Change in accounting policy and restatements

As discussed in Note 2, the Group has adopted the fair value model in measuring investment properties. This change in policy has been treated retroactively in the consolidated financial statements. All adjustments in the following table represent the effects of the change in the consolidated statement of financial position and comprehensive income. The change does not have impact on consolidated statements of cash flow because the change is non-cash in nature.

Investment properties which have previously been accounted for under the cost model, for which depreciation had been charged since acquisition. Following the new accounting policy, the Parent Company's investment properties are accounted for under the fair value model. Accordingly, in 2012, the Parent Company reversed depreciation charged to investment property in 2011 and 2010.

The Group's management believes that the voluntary change in accounting policy is necessary to reflect the real value of the investment properties of the Group which are substantially below their prevailing market value.

The effects of the above restatements on profit or loss are summarized in the table below:

	As previously reported	Effects of restatement	As restated
2011			
Depreciation and amortization	(3,034,594)	1,611,545	(1,423,049)
Interest income	24,257,678	17,339,477	41,597,155
Gain on fair value change in investment property	-	6,851,360	6,851,360
Share in net earnings of associates	5,966,623	30,660,836	36,627,459
(Benefit from) provision for income tax	(13,508)	(2,055,408)	2,041,900
Net (loss) income for the year	(17,504,443)	54,407,810	36,903,367
Non-controlling interest in net income	(2,759,298)	7,820,367	5,061,069
Net income attributable to equity holders of parent	(14,745,145)	46,587,443	31,842,298
Basic and diluted earnings per share attributable to equity holders of parent	(0.01290)	0.04918	0.03628
2010			
Depreciation and amortization	2,925,710	1,611,545	1,314,165
Gain on fair value change in investment property	-	20,984,915	20,984,915
Share in net earnings of associates	54,089,083	131,046,250	185,135,333
Recovery of impairment losses	64,364,636	(64,364,636)	-
Provision for for income tax	3,158,094	(6,295,475)	(3,137,381)
Net income for the year	127,766,048	82,982,599	210,748,647
Non-controlling interest in net income	1,319,423	22,790,108	24,109,531
Net income attributable to equity holders of parent	126,446,625	60,192,491	186,639,116
Basic and diluted earnings per share attributable to equity holders of parent	0.11100	0.05893	0.16993

The adjustment in interest income in 2011 is necessary to reflect a previously unrecognized interest income in the consolidated statement of comprehensive income.

The effects of the above restatements on assets are summarized in the table below:

	As previously reported	Effects of restatement	As restated
2011			
Notes and receivables, net	349,902,574	17,339,477	367,242,051
Investments in associates	352,098,874	480,506,436	832,605,310
Investment properties	24,888,331	167,381,921	194,047,240
Total assets	755,367,255	665,227,834	1,420,595,089
2010			
Investments in associates	346,132,252	449,845,600	795,977,852
Investment properties	26,499,876	159,476,609	187,195,880
Total assets	642,097,059	609,913,209	1,252,010,268

The effects of the above restatements on liabilities and equity are summarized in the table below:

	As previously reported	Effects of restatement	As restated
2011			
Deferred income tax liability	3,142,147	39,497,363	42,639,510
Deficit	(709,089,886)	551,861,045	(157,228,841)
Non-controlling interest	12,528,152	73,869,426	86,397,578
Total equity	181,139,455	625,730,471	806,869,926
Total liabilities and equity	755,367,255	665,227,834	1,420,595,089
2010			
Deferred income tax liability	3,156,877	38,590,548	41,747,425
Deficit	(694,344,741)	505,273,602	(189,071,139)
Non-controlling interest	15,287,450	66,049,059	81,336,509
Total equity	198,643,898	571,322,661	769,966,559
Total liabilities and equity	642,097,059	609,913,209	1,252,010,268

Note 24 - Contingencies

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

In 1996, the Parent Company entered into a shareholders agreement with a couple of other corporate entities involving a venture in fast craft shipping business. The claimant (one of the co-shareholders) violated a number of the terms of the agreement, including a direct purchase of the shares of the other shareholder without the consent of the Parent Company as stipulated under the agreement.

In 1999, the plaintiff demanded full payment of the guaranteed return on its investment after audits of the fast craft business revealed a significant amount of loss. The Parent Company denied the liability. The plaintiff filed a request for Arbitration to compel the Parent Company to pay the minimum guaranteed return. The arbitrator rendered an award in favor of the plaintiff. Thus, the plaintiff instituted the present action to enforce the arbitral award.

After the termination of mediation proceedings, the case has been sent back to the regional trial court of Makati (Makati RTC). On May 23, 2008, the Makati RTC dismissed the petition for the recognition and enforcement of the Arbitral Award on the ground that the award was issued in violation of the agreement and the payment obligation ordered by the sole arbitrator is void. The plaintiff filed its motion for reconsideration in June 2008. On July 25, 2008, the Makati RTC denied the plaintiff's motion for reconsideration for lack of merit.

In view of the Notice of Appeal by the plaintiff, the RTC ordered the case to be transferred to Court of Appeals for further proceedings.

The case is pending as at reporting date.

Mabuhay Holdings Corporation and Subsidiaries
Schedule of Philippine Financial Reporting Standards
effective as at December 31, 2012

		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✓		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions	✓		
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments		✓	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	

		Adopted	Not Adopted	Not Applicable
PFRS 10	Consolidated Financial Statements		✓	
PFRS 11	Joint Arrangements		✓	
PFRS 12	Disclosure of Interests in Other Entities		✓	
PFRS 13	Fair Value Measurement		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Balance Sheet Date	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits			✓
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
PAS 19 (Amended)	Employee Benefits			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures	✓		
PAS 32	Financial Instruments: Disclosure and Presentation	✓		

		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	Scope of PFRS 2			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓

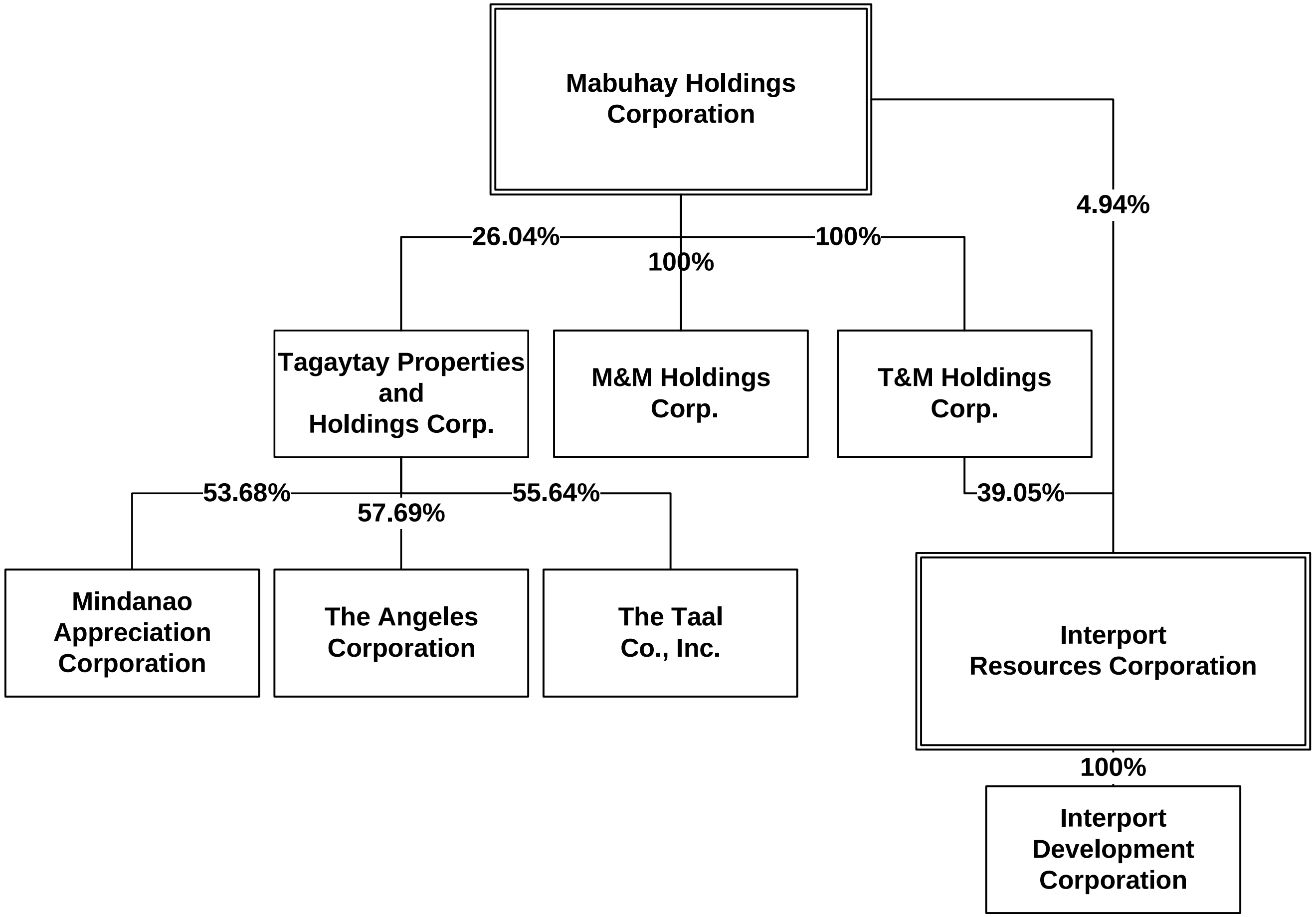
		Adopted	Not Adopted	Not Applicable
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners	✓		
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine		✓	
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

* The standards, interpretations and amendments to existing standards that have been issued but not yet effective as at December 31, 2012 are ticked as not adopted while the standards, interpretations and amendments to existing standards that are not currently applicable are ticked as not applicable.

Mabuhay Holdings Corporation and Subsidiaries

Map of the Group of Companies within which the Reporting Entity Belongs

December 31, 2012



Mabuhay Holdings Corporation and Subsidiaries

Schedule A. Financial Assets
December 31, 2012

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at balance sheet date	Income received and accrued
Various	Various	2,030,822	2,030,822	Nil

Mabuhay Holdings Corporation and Subsidiaries

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)
December 31, 2012

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

Mabuhay Holdings Corporation and Subsidiaries

Schedule C. Amounts Receivable from Related Parties which are Eliminated
during the Consolidation of the financial statements
December 31, 2012

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Mindanao Appreciation Corporation	212,755	1,038,709	-	-	1,251,464	-	1,251,464
Mabuhay Holdings Corporation	94,000,267	-	669,567	-	93,330,700	-	93,330,700
M&M Holdings Corporation	61,122	39,200	-	-	100,322	-	100,322
The Angeles Corporation	10,860,874	55,247	-	-	10,916,121	-	10,916,121
T&M Holdings, Inc.	573,745,560	18,215	-	-	573,763,775	-	573,763,775
Tagaytay Properties Holdings Corporation	24,707,458	775,410	-	-	25,482,868	-	25,482,868
The Taal Company, Inc.	174,318	-	39,251	-	135,067	-	135,067
Total	703,762,354	1,926,781	708,818	-	704,980,317	-	704,980,317

Mabuhay Holdings Corporation and Subsidiaries

Schedule D. Intangible Assets - Other Assets
December 31, 2012

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

Mabuhay Holdings Corporation and Subsidiaries

Schedule E. Long-term debt
December 31, 2012

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

Mabuhay Holdings Corporation and Subsidiaries

Schedule F. Indebtedness to related parties (Long-term loans from Related Companies)
December 31, 2012

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

Mabuhay Holdings Corporation and Subsidiaries

Schedule G. Guarantees of Securities of Other Issuers
December 31, 2012

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

Mabuhay Holdings Corporation and Subsidiaries

Schedule H. Capital Stock
December 31, 2012

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
COMMON SHARES	4,000,000,000	1,200,000,000	17,782,321	446,400	1,691	1,199,551,909