SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the Year Ended **DECEMBER 31, 2014**
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	769,821,854
Shares held by non-affiliates	430,178,146
Market price as of December 31, 2014	0.64
Aggregate market value of voting stock held by non-affiliates	**P275,314,013**

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

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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 P975.5 million have been paid out of the P1.2 billion subscriptions. MHC shares are now traded in the Philippine Stock Exchange.

The registrant currently holds office at 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223. Its last annual stockholders' meeting was on July 29, 2014.

As of December 31, 2014, the Registrant holds directly or indirectly substantial investments in several other corporations. Three of these are wholly owned subsidiaries while the rest are investees in which MHC has sizeable claims and interests. For the past five years, operating activities of the Group have been kept to the minimum except for its large associate, IRC Properties, Inc. (IRC). IRC at present has three main projects: Sunshine Fiesta, Fiesta Casitas and Casas Auroras, 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 been deferred. 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 still pursuing negotiations with a key real estate industry player to develop a huge portion of its Binangonan property, whether pursuant to a purchase or joint venture, into a mixed-use township project. The on-going negotiations are expected to be completed within the ensuing year and if the results are favorable, the project will take about seven years to finish as it involves three phases.

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

A. SUBSIDIARIES AND AFFILIATES

Major investees of the Registrant are the following:

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

T & M Holdings, Inc. (T&MHI) which was registered with the Commission on November 10, 1995, is a holding company engaged in investments in real properties, marketable securities and stocks of other companies, domestic or foreign. Currently, it has a 31.7% 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) (37%-owned by the Registrant directly and indirectly thru T&M Holdings, Inc.)

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

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

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

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

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

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

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

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

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

B. FOREIGN SALES.
Not applicable to the Registrant

C. COMPETITIVE BUSINESS CONDITION/COMPETITIVE POSITION IN THE INDUSTRY.
The competitiveness of the Registrant, given the nature of its business, is defined by the diversity of its interests. Most of the Registrant's business interests are concentrated in the real estate property business. The Tagaytay Properties & Holdings Corporation, The Taal Co., Inc., and IRC Properties, Inc. each hold an inventory of real properties in strategic locations like Tagaytay City, Batangas, Cavite, and Binangonan. The aggregate landholdings of the Registrant's investees easily run to 2,219 hectares, many of which are in prime locations.

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

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

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

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

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

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

J. TOTAL NUMBER OF EMPLOYEES AND NUMBER OF FULL TIME EMPLOYEES. As of December 31, 2014, The Registrant has 7 employees, all rendering administrative services. Of the Company's 7 employees, 5 render support services: 2 for accounting/bookkeeping work and 3 doing office services functions while the other 2 belong to the management and administration of the Company. There is no Collective Bargaining Agreement between the employees and the Registrant and there had been no strikes or threats of strike for the past five (5) years. Aside from the statutory benefits prescribed by the labor code, the Registrant's employees enjoy Company-sponsored health insurance.

Item 2 – Properties

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

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

* Half of the 35th Floor is leased out to Smart Communications Inc. and the other half is being used as The Registrant's office together with its associate, IRC Properties, Inc. The lease agreement with Smart covers a period of 3 years. That of IRC Properties, Inc. expired on November 30, 2014. IRC Properties has yet to renew its lease. Rental revenues from this property amounted to P6.11M in 2014 as reflected in the Consolidated Statements of Total Comprehensive Income, Notes 10 and 19 of the Consolidated Financial Statements as of and for the year ended December 31, 2014, which are an integral part of this report.

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

Item 3 – Legal Proceedings

The Registrant and its consolidated subsidiaries/affiliates are parties to various legal actions or proceedings. However, in the opinion of management, the ultimate liability, if any, resulting from these actions or proceedings, will not have a material effect on the Registrant's consolidated financial position except for the case mentioned in Note 23 of the Audited Financial Statements for which adequate provisions have been made.

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

There were no substantial matters submitted to a vote of the security holders during the 4th quarter of the year 2014. The last meeting of the Registrant's stockholders was the annual stockholders' meeting, which was held on July 29, 2014. In that meeting, the stockholders elected the directors for 2014. 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, 2014, 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. Apart from liquidity, there is no restriction that limits the ability to pay dividends on common equity.

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

	2014		2013	
	High	Low	High	Low
First Quarter	0.67	0.59	0.64	0.395
Second Quarter	0.71	0.63	0.73	0.50
Third Quarter	0.71	0.62	0.70	0.56
Fourth Quarter	0.70	0.62	0.73	0.58

The listed price of MHC shares as of April 10, 2015 is P0.64.

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, 2014 total two hundred six (206) in number, broken down as follows:

Citizen	No. of shares	Percentage	No. of Holders
Filipino	887,532,900	73.96	194
American	908,000	.08	7
Chinese	405,050	.03	3
Other Alien	311, 154,050	25.93	2

Total	**1,200,000,000**	**100.00**	**206**

Top 20 Stockholders as at December 31, 2014 all holding Common Stock**:**

	Name of Stockholder	No. of Shares Held	Percentage
1.	PCD Nominee Corporation (OA)	373,265,998	31.11
2.	Prokey Investments Ltd.	351, 289,763	29.27
3.	PCD Nominee Corporation (PH)	311,154, 000	25.93
4.	Mindanao Appreciation Corp.	10,183,000	0.85
5.	Avesco Marketing	1,600,000	0.13
6.	Four Treasures Development Corp	1,200,000	0.10
7.	Prosperity Taxi Cab Corporation	1,000,000	0.08
8.	Yan, Lucio W.	1,000,000	0.08
9.	Century Sports Philippines	812,000	0.07
10.	Zosa, Rolando M..	800,000	0.07
11.	Uy, Samson	700,000	0.06
12.	Guei Tay Gi	700,000	0.06
13.	Mendoza, Alberto	650,000	0.05
14.	Sy, Silman	546,000	0.05
15.	Sickling II, Herbert William	500,000	0.04
16.	South China Holdings	432,000	0.04
17.	Dyhongpo, Carlos	330,000	0.03
18.	Dyhongpo, Vivian	300,000	0.03
19.	Quality Investment & Securities Co.	270,000	0.02
20.	Sy, Herbert	250,000	0.02

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.

2014

Results of Financial Operations

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

Total revenues increased by P80.2M or 1234.5% mainly due to the Gain on fair value change in investment property and Gain on disposal of assets. Total operating expenses decreased by P66.2M or 79.7% due to the decrease in Foreign exchange losses. In addition, there are no additional provision for litigation claims and no loss on disposal of assets in 2014 vs. 2013.

Share in net earnings of IRC Properties, an associate decreased by P103.7M or 85.6% due to a lower gain on fair value change in investment property of the 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.

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

Cash
Decrease of 9.6M or 38.2% mainly due to payment of interest on borrowings and additional loan to IRC Properties, Inc.

Financial assets at fair value through profit or loss
Increase of P.18M or 9% due to increase in fair value of securities.

Notes and other receivables, net
Increase of P37.8M or 9.4% due to additional loan to IRC Properties, Inc.

Property and equipment, net
Decrease of 2.2M or 27% due to depreciation.

Investment properties
Increase of P77.1M or 49.9% due to gain on fair value change.

Accounts payable and other liabilities
Increase of P9.3M or 9.6% largely due to accrual of interest and foreign exchange adjustments.

Key Performance and Financial Soundness Indicators

Definition of Ratios

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

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

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

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

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

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

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

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

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

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

(%)	**Dec. 31, 2014***	**Dec. 31, 2013***	**Dec. 31, 2012***
Net Profit Ratio	89.58	777.1	121.88
Return on Assets	4.47	3.11	5.38
Return on equity	7.37	5.29	9.09
Current ratio	72.67	69.53	67.12
Acid test	2.78	4.34	1.14
Debt to equity	65.06	69.82	68.90
Debt to assets	39.41	41.11	40.79
Asset to equity	165.06	169.82	168.90
Interest coverage	295.15	204.22	129.22
Earnings (loss) per share	0.04892	0.07777	.08375

*Audited

2013

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

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

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

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

Financial assets at fair value through profit or loss
Decrease of 6% due unrealized fair value loss on listed securites.

Prepayments
Decrease of 27% due to decrease in prepaid taxes.

Property and equipment
Decrease of 21% mainly due to depreciation.

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

Borrowings
Increase of 8% due to unrealized foreign exchange loss.

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

Due to related parties
Decrease of 20% due to collection.

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

<u>2012</u>

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 are 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.

Item 7 – Financial Statements

The audited consolidated financial statements of the Registrant as of and for the year ended December 31, 2014, 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 P1.06M for the last two (2) calendar years ending December 31, 2014 and 2013.

(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, 2014 and 2013. The fees for these services are included in the Audit and Audit-Related Fees mentioned above.

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

(c) All Other Fees

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

(d) Company Policy in Appointment of Independent Auditor

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

PART III -- CONTROL AND COMPENSATION INFORMATION

Item 9 – Directors and Executive Officers

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

Atty. Roberto V. San Jose, Director, Chairman of the Board - He was elected Chairman of the Board in 2003, or for more than 5 years now. He has been a member of the Board of Directors as early as 1991, or for more than five years now. He is a consultant of the Castillo Laman Tan Pantaleon & San Jose Law Offices and a Director or Officer of the following companies: Anglo Philippine Holdings Corporation, Alsons Consolidated Resources Corporation, Philweb Corporation, CP Group of Companies, Carlos Palanca Foundation, Inc., MAA Consultants, Inc., Solid Group Inc., United Paragon Mining Corporation, The Metropolitan Club, Inc. and various client corporations of their law firm. Attorney San Jose, a Filipino, is 73 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 68 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 71 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 57 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 46 years old.

Kong Muk Yin, Director – Mr. Kong Muk Yin, 49 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 75 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 57 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 July 29, 2014.

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 58 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 2015 (estimate) are as follows:

Executive Officer	Position	Salary			Bonus	Other Annual Compensation
		2015 (Estimate)	2014	2013		
Esteban G. Peña Sy	President					
Araceli C. Molina	Treasurer					
Total of above named officers and Directors as a group		P4.43M	P4.43M	P4.42M	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, 2014:

Title of Class	Name And Address Of Record Owner And Relationship With Issuer	Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	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	300,058,000	25.00
Common	PCD Nominee Corporation* G/F MSE Building 6767Ayala Avenue, Makati City	B. A. Securities*	Filipino	59,943,106	5.00
TOTAL				711,290,869	59.27

* 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 386,853,106 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, 2014:

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 18 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.

Attached, as part of this Annual Report (17-A) is the Company's Annual Corporate Governance Report (ACGR) with 2014 figure updates.

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 2014 through official disclosure letters dated:

Date	Disclosures
April 24, 2014	Announcement of Stockholders' Meeting; amendment of Articles of Incorporation reflecting the specific address of the Company
July 3, 2014	Venue of Stockholders' Meeting
July 18, 2014	Change of venue of Annual Stockholders' Meeting
July 29, 2014	Election of Directors for the term 2013-2014
	Appointment of Isla Lipana & Co. as external auditors
	Election of Officers and Corporate Governance Committee Members

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

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporate Code, this report is signed on its behalf by the issuer by the undersigned, thereunto duly authorized, in the City of Makati, on April 11, 2015.

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 14th day of April 2015, affiants exhibiting to me their Community Tax Certificates/Passports, as follows:

Affiant	CTC No./ Passport No.	Date of Issue	Place of Issue
Roberto V. San Jose	EB6079962	August 03, 2012	Manila
Esteban G. Peña Sy	EB9453889	October 25, 2013	Manila
Delfin P. Angcao	EB4959861	March 16, 2012	Manila
Araceli C. Molina	EB6277353	September 06, 2012	Manila

Doc. No. 461
Page No. 94
Book No. XX
Series of 2015

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2016
IBP No. 656155-Lifetime Member
MCLE Compliance No. III 0014282
Appointment No. M-109 (2015-2016)
PTR No. 4748512 Jan. 5, 2015
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
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.	37.24 (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, 2014 and 2013, 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

APR 15 2015

SUBSCRIBED AND SWORN TO before me, a Notary Public, for and in Makati City, this 15 day of April 2015, affiants exhibiting to me their Community Tax Certificates/Passports, as follows:

Affiant	CTC/Passport No.	Date of Issue	Place of Issue
Roberto V. San Jose	EB6079962	August 03, 2012	Manila
Esteban G. Peña Sy	EB9153889	October 25, 2013	Manila
Araceli C. Molina	EB6277353	September 06, 2012	Manila

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Series of 2015

RECEIVED
CHINA BANKING CORPORATION
DATE: APR 15 2015
Teller No.: ______ Initial ______

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2016
IBP No.
MCLE Compliance No.
Appointment No. M-199 (2015-2016)
PTR No. Jan. 5, 2015
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Mabuhay Holdings Corporation and Subsidiaries

Consolidated Financial Statements
As at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014

Independent Auditor's Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Mabuhay Holdings Corporation and its Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of total comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated 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 consolidated 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.

RECEIVED
CORPORATION
DATE APR 15 2015
Teller No. ______ Initial ______

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, 2014 and 2013, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2014 in accordance with Philippine Financial Reporting Standards.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner
CPA Cert No. 105660
P.T.R. No. 0024447, issued on January 6, 2015, Makati City
SEC A.N. (individual) as general auditors 1176-AR-1, Category A; effective until January 13, 2018
SEC A.N. (firm) as general auditors 0009-FR-3; effective until August 15, 2015
TIN 221-755-698
BIR A.N. 08-000745-77-2015, issued on January 20, 2015; effective until January 19, 2018
BOA/PRC Reg. No. 0142, effective until December 31, 2016

Makati City
April 10, 2015

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CHINA BANKING CORPORATION
DATE: APR 15 2015
Teller No. ______ Initial ______

Mabuhay Holdings Corporation and Subsidiaries

Consolidated Statements of Financial Position
December 31, 2014 and 2013
(All amounts in Philippine Peso)

	Notes	2014	2013
ASSETS			
Current assets			
Cash	5	15,474,363	25,034,901
Financial assets at fair value through profit or loss	6	2,091,600	1,913,884
Notes and other receivables, net	7	440,503,894	402,716,898
Prepayments		1,739,271	1,920,205
Total current assets		459,809,128	431,585,888
Non-current assets			
Investment in associate	8	1,041,216,963	1,027,775,989
Property and equipment, net	9	5,971,908	8,204,232
Investment properties	10	231,482,000	154,383,000
Other non-current assets		158,663	152,492
Total non-current assets		1,278,829,534	1,190,515,713
Total assets		1,738,638,662	1,622,101,601
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	11	322,389,163	321,062,176
Accounts payable and other liabilities	12	106,766,015	97,437,860
Due to related parties	18	8,917,688	7,488,997
Deposits for future share subscriptions	13	194,695,274	194,695,274
Total current liabilities		632,768,140	620,684,307
Non-current liabilities			
Deferred income tax liabilities, net	16	52,511,548	46,241,244
Total liabilities		685,279,688	666,925,551
Equity			
Attributable to shareholders of the Parent Company			
Share capital	14	975,534,053	955,034,053
Treasury shares	14	(58,627,864)	(58,627,864)
Retained earnings (Deficit)		44,245,614	(3,481,818)
		961,151,803	892,924,371
Non-controlling interest		92,207,171	62,251,679
Total equity		1,053,358,974	955,176,050
Total liabilities and equity		1,738,638,662	1,622,101,601

The notes on pages 1 to 37 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, 2014
(All amounts in Philippine Peso)

	Notes	2014	2013	2012
Income				
Rental	10,19	6,112,049	6,226,884	6,217,884
Gain on fair value change in investment property	10	77,099,000	252,480	20,226,280
Gain on disposal of assets	21	3,009,326	-	21,407,065
Unrealized gain on revaluation of securities	6	177,716	-	-
Foreign exchange gain, net	22	-	-	19,602,843
Others		316,675	18,432	37,943
		86,714,766	6,497,796	67,492,015
Expenses				
Salaries and employee benefits	20	3,277,054	3,406,943	3,336,281
Depreciation	9	2,253,752	2,153,443	1,791,504
Professional fees		3,421,195	1,535,896	1,086,876
Foreign exchange loss, net	22	1,711,503	25,586,643	-
Provision for litigation claims	12	-	21,609,400	-
Loss on disposal of assets	21	-	20,537,619	-
Unrealized loss on revaluation of securities	6	-	116,938	213,703
Others	15	6,194,321	8,082,572	6,499,550
		16,857,825	83,029,454	12,927,914
Income (loss) from operations		69,856,941	(76,531,658)	54,564,101
Finance income (cost)				
Interest income	7	42,067,461	40,941,761	43,007,771
Interest expense	11	(43,828,587)	(41,880,286)	(41,144,090)
		(1,761,126)	(938,525)	1,863,681
Share in net earnings of an associate	8	17,435,258	121,116,459	37,884,706
Income before income tax		85,531,073	43,646,276	94,312,488
(Provision for) benefit from income tax	16	(7,848,149)	6,848,918	(12,051,558)
Net income for the year		77,682,924	50,495,194	82,260,930
Other comprehensive income		-	-	-
Total comprehensive income for the year		77,682,924	50,495,194	82,260,930
Basic and diluted earnings per share attributable to shareholders of the Parent Company	17	0.04892	0.07777	0.08375
Net income attributable to:				
Shareholders of the Parent Company		47,727,432	74,219,926	79,527,097
Non-controlling interest		29,955,492	(23,724,732)	2,733,833
		77,682,924	50,495,194	82,260,930
Total comprehensive income attributable to:				
Shareholders of the Parent Company		47,727,432	74,219,926	79,527,097
Non-controlling interest		29,955,492	(23,724,732)	2,733,833
		77,682,924	50,495,194	82,260,930

The notes on pages 1 to 37 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, 2014
(All amounts in Philippine Peso)

	Equity Holders of the Parent Company				
	Share capital (Note 14)	Treasury shares (Note 14)	Retained earnings (Deficit)	Non-controlling interest	Total
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 income for the year	-	-	79,527,097	2,733,833	82,260,930
Transaction with owners					
Collection of unpaid subscriptions	15,550,000	-	-	-	15,550,000
Total transactions with owners	15,550,000	-	-	-	15,550,000
Balances at December 31, 2012	955,034,053	(61,782,864)	(77,701,744)	89,131,411	904,680,856
Comprehensive income					
Net income for the year	-	-	74,219,926	(23,724,732)	50,495,194
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	74,219,926	(23,724,732)	50,495,194
Transaction with owners					
Disposal of treasury shares	-	3,155,000	-	(3,155,000)	-
Total transactions with owners	-	-		(3,155,000)	-
Balances at December 31, 2013	955,034,053	(58,627,864)	(3,481,818)	62,251,679	955,176,050
Comprehensive income					
Net income for the year	-	-	47,727,432	29,955,492	77,682,924
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	47,727,432	29,955,492	77,682,924
Transaction with owners					
Collection of unpaid subscriptions	20,500,000	-	-	-	20,500,000
Balances at December 31, 2014	975,534,053	(58,627,864)	44,245,614	92,207,171	1,053,358,974

The notes on pages 1 to 37 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, 2014
(All amounts in Philippine Peso)

	Notes	2014	2013	2012
Cash flows from operating activities				
Income before income tax		85,531,073	43,646,276	94,312,488
Adjustments for:				
Interest expense	11	43,828,587	41,880,286	41,144,090
Depreciation	9	2,253,752	2,153,443	1,791,504
Unrealized loss (gain) on securities	6	(177,716)	116,938	213,703
Fair value gain in investment properties	10	(77,099,000)	(252,480)	(20,226,280)
Provision for litigation claims	12	-	21,609,400	
Unrealized foreign exchange (gain) loss	22	1,433,698	23,262,946	(19,303,751)
Loss (gain) on disposal of assets	21	(3,009,326)	20,537,619	(21,407,065)
Share in net earnings of associate	8	(17,435,258)	(121,116,459)	(37,884,706)
Interest income	7	(42,067,461)	(40,941,761)	(43,007,771)
Operating loss before working capital changes		(6,741,651)	(9,103,792)	(4,367,788)
Decrease (increase) in:				
Notes and other receivables		(4,187,185)	13,599,170	1,009,870
Other non-current assets		(6,171)	63,596	9,851
Prepayments		180,934	(174,811)	(1,082,736)
Increase (decrease) in:				
Accounts payable and other liabilities		(18,014,090)	655,877	15,543,982
Due to related parties		(2,306,559)	(1,859,596)	(44,376)
Cash generated from (absorbed by) operations		(31,074,722)	3,180,444	11,068,803
Interest received		9,846,276	39,888,150	3,094,988
Income taxes paid		(155,360)	(96,438)	(1,222)
Net cash provided by (used in) operating activities		(21,383,806)	42,972,156	14,162,569
Cash flows from investing activities				
Proceeds from disposal of investment properties	10	-	25,642,050	-
Proceeds from disposal of shares of stock of associate	8	11,786,956	38,025,732	32,483,135
Net proceeds from disposal of financial asset at fair value through profit or loss	6	-	-	9,901,780
Net proceeds from disposal of available-for-sale		-	2,925,000	-
Acquisitions of property and equipment	9	(21,429)	(33,928)	(3,881,732)
Additional investment in associate	8	(4,783,346)	(47,699,077)	(27,937,440)
Net cash provided by investing activities		6,982,181	18,859,777	10,565,743
Cash flows from financing activities				
Interest paid		(15,658,913)	(41,880,286)	(41,144,090)
Collection of subscriptions receivable	14	20,500,000	-	15,550,000
Payment of borrowings		-	-	(400,000)
Net cash provided by (used in) financing activities		4,841,087	(41,880,286)	(25,994,090)
Net increase (decrease) in cash		(9,560,538)	19,951,647	(1,265,778)
CASH				
January 1		25,034,901	5,083,254	6,349,032
December 31	5	15,474,363	25,034,901	5,083,254

The notes on pages 1 to 37 are an integral part of these financial statements.

Mabuhay Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements
As at December 31, 2014 and 2013
and for each of the three years in the period ended December 31, 2014
(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 stock and real estate properties. The Parent Company is 20.05% 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 79.95% 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 subsequent thereto.

The Company and its subsidiaries (the Group) have no significant commercial operations as at December 31, 2014 and 2013. The subsidiaries' operations consist mainly of preservation and maintenance of existing investment properties (Note 2.2).

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

As at December 31, 2014, IRC is actively pursuing negotiations with Wedgemore Property, a subsidiary of Ayala Land Inc., to develop a portion of its Binangonan property. To date, a total of 164.7 hectares are ready for immediate development.

The Company's registered office and principal place of business of the Company is at 35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

The Company has 7 and 8 employees as at December 31, 2014 and 2013, respectively.

The financial statements have been approved and authorized for issue by the Board of Directors on April 10, 2015.

<u>Note 2 - Summary of significant accounting policies</u>

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 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 consolidated 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 4.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group effective January 1, 2014:

- *Amendment to PAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities.* This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group's consolidated financial statements.

- *Amendment to PAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets.* This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in PAS 36 by the issue of PFRS 13. The amendment did not have a significant effect on the Group's consolidated financial statements.

- *Philippine Interpretation IFRIC 21, Levies* (effective January 1, 2014). This is an interpretation of PAS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. PAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies what obligating events give rise to a liability to pay a levy which is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation did not have a significant effect on the Group's consolidated financial statements.

Other standards, amendments and interpretations which are effective for the financial year beginning on January 1, 2014 are not considered relevant and/or applicable to the Group.

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014, and have not been applied in preparing these consolidated financial statements. The more relevant standards for the Group are set out below:

- PFRS *9, 'Financial instruments',* addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of PFRS 9 was issued in July 2014. It replaces the guidance in PAS 39 that relates to the classification and measurement of financial instruments. PFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in PAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under PAS 39. The standard is effective for accounting periods beginning on or after January 1, 2018; early adoption is permitted. The Group expects possible reclassification relevant to its adoption of PFRS 9.

- *PFRS 15, 'Revenue from contracts with customers',* deals with revenue recognition and establishes principles for reporting useful information to users of consolidated financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces PAS 18 'Revenue' and PAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2017 and earlier application is permitted. The Group may expand its disclosures on revenue recognition but does not foresee any significant impact of adopting PFRS 15.

No other standards, amendments or interpretations that are not yet effective are expected to have a material impact on the Group's consolidated financial statements.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2014 and 2013. The subsidiaries' financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies, any difference between subsidiaries and the Parent Company are adjusted properly.

Details of subsidiaries are as follows:

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

**With significant control or power to govern*

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

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

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

December 31, 2014	TPHC	MAC	TTCI	TAC
	(In thousands of Pesos)			
Total current assets	17,719	15,544	8,333	2,709
Total non-current assets	190,895	38,158	26,756	-
Total assets	208,614	53,702	35,089	2,709
Total current liabilities	(41,161)	(27,059)	(5,327)	(11,095)
Total non-current liabilities	(45,706)	(223)	(5,703)	-
Total liabilities	(86,867)	(27,282)	(11,030)	(11,095)
Net assets (liabilities)	121,747	26,420	24,059	(8,386)
Non-controlling interest share in net assets (liabilities)	76,001	3,885	16,806	(4,485)
Income	71,895	1	3,545	1
Expenses	(3,685)	(2,777)	(881)	(52)
Income (loss) before tax	68,210	(2,776)	2,664	(51)
Provision for income tax	(21,479)	(39)	(1,050)	-
Net income (loss) for the year	46,731	(2,815)	1,614	(51)
Other comprehensive income (loss)	(6)	2,893	1	-
Total comprehensive income (loss)	46,725	78	1,615	(51)
Non-controlling interest share in total comprehensive income (loss)	34,562	(1,574)	897	(24)
Cash flows from:				
Operating activities	(15,458)	171	437	0.3
Financing activities	5,092	-	-	-
Net cash inflow (outflow)	(10,366)	171	437	0.3

December 31, 2013	TPHC	MAC	TTCI	TAC
	(in thousands of Pesos)			
Total current assets	22,438	16,934	8,185	2,709
Total non-current assets	118,722	35,266	23,701	-
Total assets	141,160	52,200	31,886	2,709
Total current liabilities	(42,905)	(25,672)	(4,791)	(11,043)
Total non-current liabilities	(40,614)	(262)	(4,630)	-
Total liabilities	(83,519)	(25,934)	(9,421)	(11,043)
Net assets (liabilities)	57,641	26,266	22,465	(8,334)
Non-controlling interest share in net assets (liabilities)	15,010	11,160	9,988	(4,457)
Income	9	1,886	127	4,261
Expenses	(37,619)	(4,204)	(973)	(52,378)
Loss before tax	(37,610)	(2,318)	(846)	(48,117)
Provision for income tax	-	(70)	-	-
Net loss	(37,610)	(2,388)	(846)	(48,117)
Other comprehensive income	-	10,220	-	-
Total comprehensive loss	(37,610)	(7,832)	(846)	(48,117)
Non-controlling interest share in total comprehensive loss	(9,794)	(3,387)	(375)	(27,936)
Cash flows from:				
Operating activities	(4,412)	(162)	(18)	0.2
Investing activities	25,652	2,380	49	0.2
Financing activities	-	(2,424)	-	-
Net cash inflow (outflow)	21,240	(206)	31	0.4

(a) Subsidiaries

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

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

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

(c) Disposal of subsidiaries

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

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. Distributions received are treated as a reduction to the investment in the period wherein the right to receive such distribution arises. The Group's investment in associates includes goodwill identified on acquisition.

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

The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

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

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

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

Investment in subsidiaries and associates are derecognized upon disposal. Gains and losses on disposals of these investments are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

2.3 Cash

Cash consist of cash on hand and deposits at call with banks. They are stated at face value or nominal amount.

2.4 Financial instruments

2.4.1 Classification

The Group classifies its financial assets and liabilities according to the categories described below. The classification depends on the purpose for which the financial assets and liabilities were acquired. Management determines the classification of its financial assets and liabilities at initial recognition.

(a) Financial assets

The Company 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 Group holds financial assets classified as at fair value through profit or loss, loans and receivables and available-for-sale financial assets as at December 31, 2014 and 2013.

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

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

The Company's investment in listed equity shares are classified under this category (Note 6).

(ii) Loans and receivables

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

The Group's loans and receivables comprise cash (Note 2.3), notes and other receivables (Note 2.5) and refundable deposits under other non-current assets in the consolidated statement of financial position.

(iii) 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 consolidated statement of financial position are classified under this category.

(b) Financial liabilities

The Company 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.

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

The Group's borrowings (Note 2.12), accounts payable and other liabilities (Note 2.11), due to related parties (Note 2.23) and subscription payable (Note 2.16) are classified under other financial liabilities at amortized cost.

2.4.2 Recognition and measurement

(a) Initial recognition and measurement

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

(b) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value, except, investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, which shall be measured at cost. Loans and receivables are carried at amortized cost using the effective interest method. Other financial liabilities are measured 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 profit or loss (as "Unrealized gain (loss) on securities") in the year in which they arise.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in profit or loss as "Gains and losses from investment securities.'

Dividends on equity instruments are recognized in profit or loss when the Group's right to receive payment is established.

2.4.3 Impairment of financial assets

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(a) Financial assets at fair value through profit and loss and available-for-sale financial assets

In the case of equity investments classified as financial assets at fair value through profit and loss and available-for-sale financial assets, 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 Company treats 20% or more as 'significant' and greater than 12 months as 'prolonged'. If any of such evidence exists the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in profit or loss.

(b) Loans and receivables

For loans and receivables category, the Group first assesses whether objective evidence of impairment exists individually for receivables that are individually significant, and collectively for receivables that are not individually significant using the criteria above. If the Group determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses those for impairment. Receivables 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 the loss is measured as the difference between the 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 financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in profit or loss. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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. Reversals of previously recorded impairment provision are based on the result of management's update assessment, considering the available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with customers as to the recoverability of receivables at the end of the reporting period. Subsequent recoveries of amounts previously written-off are credited against operating expenses in profit or loss.

2.4.4 Derecognition

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognized when extinguished, i.e., when the obligation is discharged or is cancelled, expires, or paid.

2.4.5 Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.5 Notes and other receivables

Notes and other receivables represent claims for which formal instruments of credit are issued as evidence of debt, such as a promissory note. The credit instrument normally requires the debtor to pay interest and extends for time periods.

Relevant accounting policies for classification, recognition, measurement and derecognition of notes receivable are presented in Note 2.4.

2.6 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 consolidated statement of financial position as these expire with the passage of time or consumed in operations.

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

2.7 Property and equipment

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

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

Depreciation 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

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 (Note 2.10).

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. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in profit or loss.

2.8 Investment properties

Investment property is defined as property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business.

Investment properties principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Group. Investment property is carried at fair value, representing open market value determined annually by external valuators. Changes in fair values are recorded in profit or loss as part of other income.

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

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Gain or loss arising on disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset. This is recognized in profit or loss.

Properties that are being constructed or developed for future capital appreciation are classified as investment properties.

2.9 Fair value measurement

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

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

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

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

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- 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 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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

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

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group's financial assets at fair value through profit or loss and investment properties are classified under Level 1 and Level 2, respectively.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, land - are not subject to 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 the 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 other than goodwill for which an impairment loss has been recognized are reviewed for possible reversal of the impairment at each reporting date. An allowance is set-up for any substantial and presumably permanent decline in value of investments.

2.11 Accounts payable and other liabilities

Accounts payable and other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable and other liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Accounts payable and other liabilities are measured at the original invoice amount (as the effect of discounting is immaterial).

Relevant accounting policies for classification, recognition, measurement and derecognition of accounts payable and other liabilities and other financial liabilities are presented in Note 2.4.

2.12 Borrowings and borrowing costs

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

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

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

2.13 Employee benefits

The Company, having less than 10 employees, is not within the scope of RA 7641 Retirement Law.

The Company recognizes a liability and an expense for short-term employee benefits which include salaries, social security contributions, paid sick and vacation leaves. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Employee benefits are derecognized once paid.

2.14 Current and deferred income tax

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

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

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

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

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities 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 assets and liabilities are derecognized when related bases are realized or when it is no longer realizable.

2.15 Provisions

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

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

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

Provisions are derecognized when the obligation is settled, cancelled or has expired.

2.16 Subscription payable

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

Subscription payable is derecognized when the obligation has been paid.

2.17 Deposit for future share subscriptions

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

Deposit for future share subscriptions is derecognized once share has been issued or the shareholder cancels the subscription.

2.18 Share capital

(a) Common shares

Share capital consists of common shares, which are stated at par value, that 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 its own 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 shareholders 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 shareholders.

2.19 Earnings per share

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

2.20 Revenue and expense recognition

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

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

(a) Rental income

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

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

(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) Dividend income

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

(d) Other income

Other income is recognized when earned.

(e) Expenses

Operating expenses are recognized when they are incurred.

2.21 Leases

(a) The Group is the lessor

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

(b) The Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

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

2.22 Foreign currency transactions and translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

2.23 Related party relationships and transactions

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

2.24 Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are also not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is virtually certain.

2.25 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.

2.26 Reclassification

Certain amounts in the 2013 and 2012 statements of total comprehensive income have been reclassified to conform to the current period presentation of classifying income and expenses by nature, including (i) other income classified under gain on disposal of assets and foreign exchange gain totaling P18,432 for the year ended December 31, 2013 (2012 - P41,047,851) were reclassified to income and (ii) other expenses classified under foreign exchange loss, provision for litigation claims, loss on disposals of assets and unrealized loss on revaluation of securities totaling P67,850,600 for the year ended December 31, 2013 (2012 - P213,703) were reclassified to expenses. Such reclassification did not affect the statements of cash flows nor did it impact previously reported net income or retained earnings.

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

	Change in exchange rate	Impact on income after tax
At December 31, 2014		
US dollar	+/- 4.07%	(5,125,480)
Hongkong dollar	+/- 4.12%	(5,447,125)

	Change in exchange rate	Impact on income after tax
At December 31, 2013		
US dollar	+/- 4.48%	(5,190,034)
Hongkong dollar	+/- 4.55%	(6,921,830)

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

(b) Price risk

The Group's exposure on price risk is minimal and limited only to investments classified as at fair value through profit or loss (Note 6), available-for-sale securities and investment properties (Note 10). 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 7) and borrowings (Note 11). 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.

	Fully performing	Past due but not impaired	Impaired
2014			
Cash in bank	15,459,363	-	-
Notes and other receivables	21,289,122	419,214,772	5,436,501
	36,748,485	419,214,772	5,436,501
2013			
Cash in banks	25,019,901	-	-
Notes and other receivables	-	402,716,898	7,716,689
	25,019,901	402,716,898	7,716,689

(i) Cash in bank

The Group deposits its cash balances in a universal bank to minimize the credit risk exposure.

(ii) Notes and other receivables

As at December 31, 2014, notes and other receivables amounting to P419.21 million (2013 - P402.72 million) were deemed past due but not impaired and not covered by any provision for impairment. These relate to notes receivable from IRC which management believes to be recoverable given ongoing developments and improving financial condition of IRC and other factors discussed in Note 4.

Notes and other receivables classified as fully performing are current and expected to be fully settled by the counterparties. Impaired receivables are fully provided.

3.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding through advances from related parties within the Group, extending payment terms for due to related parties, and an efficient collection of its notes receivables from third parties. The Group likewise regularly evaluates other financing instruments to broaden the Group's range of financing resources.

Substantial component of expected cash inflows in 2015 and foreseeable future is the expected receipts from related party notes receivables and expected cash inflows from positive results of IRC's operations, an associate.

Expected future interest payments of the Group for the next three years is P41 million.

All financial assets and liabilities are classified as current as at reporting dates except for available-for-sale which is due over five (5) years.

3.4 Fair value of financial assets and liabilities

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities at December 31 as follows:

	2014		2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Fair value through profit or loss	2,091,600	2,091,600	1,913,884	1,913,884
Loans and receivables				
Cash on hand and in bank	15,474,363	15,474,363	25,034,901	25,034,901
Notes and other receivables	440,503,894	440,503,894	402,716,898	402,716,898
Total assets	458,069,857	458,069,857	429,665,683	429,665,683
Other financial liabilities at amortised cost				
Borrowings	322,389,163	322,389,163	321,062,176	321,062,176
Accounts payable and other liabilities*	58,825,504	58,825,504	49,476,429	49,476,429
Due to related parties	8,917,688	8,917,688	7,488,997	7,488,997
Total liabilities	390,132,355	390,132,355	378,027,602	378,027,602

**except for provisions and other government taxes*

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

3.5 Fair value hierarchy

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

The investment properties of the Group are classified under Level 2 category which uses the Market approach. The value of the investment properties was based on sales and listings of comparable property registered within the vicinity premised on the factors of time, unit area/size, unit location, unit improvements, building location, building feature/amenities, bargaining allowance and others.

3.6 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to 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 consolidated statement of financial position, as well as deposit for future share subscriptions presented under 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 absence of development activities undertaken by the Group, it does not require intensive capitalization as at December 31, 2014 and 2013. The Group's main objective is to ensure it has adequate funds moving forward to support the ongoing development plans of IRC.

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

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

Note 4 - 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.

4.1 Critical accounting estimate

Estimate of fair value of investment properties (Note 10)

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

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

Investment properties in 2014 and 2013 amounted to P231.48 million (2013 - P154.38 million). Where the estimated market value differs by 10% from management's estimates, the carrying amount of investment property would be an estimated P23.15 million higher or lower (2013 - P15.44 million higher or lower).

4.2 Critical accounting judgments

(a) Recoverability of loans and receivables (Note 7)

The provision for impairment of notes and other receivables is based on the Group's assessment of the collectibility of payments from related party based on status of notes and other receivables, past collection experience and other factors that may affect collectibility. This assessment required judgment regarding the outcome of disputes and the ability of the related party to pay the amount to the Group. The amount of allowance for impairment loss is disclosed in Note 7.

If the loans and receivables that are past due but not impaired were provided an allowance, the Company would incur an additional expense of P419.21 million in its 2014 financial statements (2013 - P402.72 million). However, management believes that the carrying amount of loans and receivables at reporting dates is collectible given the ongoing development prospects of IRC and other factors discussed in (c) below.

(b) Recognition of deferred income tax assets (Note 16)

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 P4.07 million (2013 - P2.94 million) is appropriate due to the Company's limited capacity to generate sufficient taxable income during relevant years given current development activities.

(c) Recoverability of investment in subsidiaries and IRC (Note 8)

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

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

The Company's investment in subsidiaries is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable.

Management believes that the current level of allowance for impairment losses as at December 31, 2014 and 2013 is sufficient to cover non recoverable amount.

(d) Entities in which the Group holds less than 50% interest (Note 2.2)

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

Management has assessed the level of influence that the Group has on IRC and determined that it has significant influence with an ownership of 37.24% in 2014 (2013 - 37.70%) and control has not been established. Consequently, this investment has been classified as an associate.

(e) Impairment of investment properties (Note 10)

The Company's investment properties were tested for impairment where the recoverable amount was determined using the market approach. The value of the investment properties was based on sales and listings of comparable property registered within the vicinity premised on the factors of time, unit area/size, unit location, unit improvements, building location, building feature/amenities, bargaining allowance and others which management believes are reasonable.

The carrying amount of investment properties amounted to P231.48 million as at December 31, 2014 (2013 - P154.38 million). No impairment loss was recognized on investment properties for the years ended December 31, 2014 and 2013.

Note 5 - Cash

The account at December 31 consists of:

	2014	2013
Cash in banks	15,459,363	25,019,901
Cash on hand	15,000	15,000
	15,474,363	25,034,901

Note 6 - Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss at December 31, 2014 consist of:

	2014	2013
Balance at January 1	1,913,884	2,030,822
Gain (loss) on fair value change	177,716	(116,938)
Balance at December 31	2,091,600	1,913,884

The account as at December 31, 2014 and 2013 consists of listed equity shares with fair value based on current bid prices in an active market (level 1 valuation).

In 2012, shares with a fair value of P7.5 million were sold for P9.9 million. Gain on disposals of financial assets at fair value through profit or loss amounted to P2.4 million (Note 21). No shares were sold in 2013 and 2014.

Changes in fair values of financial assets at fair value through profit or loss are recorded in unrealized gain (loss) on securities in profit or loss.

Note 7 - Notes and other receivables, net

Notes and other receivables at December 31 consist of:

	Note	2014	2013
Notes and interest receivable	18	441,800,353	409,928,755
Due from related parties	18	756,993	238,536
Advances and other receivables		3,383,049	266,296
		445,940,395	410,433,587
Allowance for impairment losses		(5,436,501)	(7,716,689)
		440,503,894	402,716,898

Notes receivable mainly represents loans granted to IRC (Note 18) with no definite payment terms and bears annual interest rates ranging from 12% to 18%. Total interest income recognized from these loans amount to P42.05 million (2013 - P40.90 million; 2012 - P42.98 million). These loans are due and demandable at reporting dates.

Allowance for impairment losses pertains to loans granted to IRC amounting to P5.4 million (2013 - P7.7 million).

In 2014, advances amounting to P2.28 million that have been fully provided for with allowance was written off.

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

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

Note 8 - Investment in associate

Details of the account at December 31 consist of the following investments in shares of stock of IRC are as follows:

	2014	2013	2012
Acquisition cost			
Balance at January 1	611,806,857	590,055,180	575,637,344
Share acquisitions	4,783,346	47,699,077	27,937,440
Disposals	(8,777,630)	(25,947,400)	(13,519,604)
Balance at December 31	607,812,573	611,806,857	590,055,180
Accumulated share in net income			
Balance at January 1	415,969,132	294,852,673	256,967,967
Share in net earnings	17,435,258	121,116,459	37,884,706
Share in other comprehensive income	-	-	-
Balance at December 31	433,404,390	415,969,132	294,852,673
Total	1,041,216,963	1,027,775,989	884,907,853

The Group's percentage ownership in shares of stock of IRC as at December 31, 2014 is 37.24% (2013 - 37.70%; 2012 - 44.00%).

The Company sold a portion of its investment which resulted in a gain of P3.01 million in 2014 (2013 - P12.08 million gain; 2012 - P18.96 million gain) (Note 21). Proceeds from disposals of the investment amount to P11.79 million (2013 - P38.03 million; 2012 - P32.48 million).

The fair value of the Group's investment in IRC shares as at December 31, 2014 is P826.74 million (P1.49/share) (2013 - P506.00 million; P1.35/share).

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

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

	2014	2013
	(in millions of Peso)	
Total current assets	1,082	1,098
Total non-current assets	1,949	1,755
Total assets	3,031	2,853
Total current liabilities	(743)	(694)
Total non-current liabilities	(1,011)	(929)
Total liabilities	(1,754)	(1,623)
Net assets	1,277	1,230
Income	109	631
Expenses	(33)	(147)
Income (loss) before tax	76	484
Provision for income tax	(29)	(161)
Net income (loss)	47	323
Other comprehensive income	-	-
Total comprehensive income (loss)	47	323
Cash flows from:		
Operating activities	(34)	(229)
Investing activities	1	70
Financing activities	76	163
Net cash inflow	43	4

Note 9 - 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, 2013	1,662,116	1,089,136	845,643	13,746,305	3,859,242	5,246,131	26,448,573
Additions	-	33,928	-	-	-	-	33,928
Balances at December 31, 2013	1,662,116	1,123,064	845,643	13,746,305	3,859,242	5,246,131	26,482,501
Additions	-	21,429	-	-	-	-	21,429
Balances at December 31, 2014	1,662,116	1,144,493	845,643	13,746,305	3,859,242	5,246,131	26,503,930
Accumulated depreciation							
Balances at January 1, 2013	1,360,453	786,893	803,877	10,480,827	1,571,662	1,121,115	16,124,827
Charges during the year	227,946	102,518	27,240	508,909	379,596	907,234	2,153,443
Balances at December 31, 2013	1,588,399	889,411	831,117	10,989,736	1,951,258	2,028,349	18,278,270
Charges during the year	73,655	81,059	6,696	508,909	379,597	1,203,836	2,253,752
Balances at December 31, 2014	1,662,054	970,470	837,813	11,498,645	2,330,855	3,232,185	20,532,022
Net book value							
December 31, 2013	73,717	233,653	14,526	2,756,569	1,907,984	3,217,782	8,204,232
December 31, 2014	62	174,023	7,830	2,247,660	1,528,387	2,013,946	5,971,908

Note 10 - Investment properties

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

The following amounts have been recognized in profit or loss:

	2014	2013	2012
Rental income	6,112,049	6,226,884	6,217,884
Direct operating expenses arising from investment properties that generate rental income	(1,610,847)	(1,640,965)	(1,703,469)
Direct operating expenses that did not generate rental income	(508,689)	(709,666)	(722,418)
	3,992,513	3,876,253	3,791,997

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

	2014	2013	2012
Balance at January 1	154,383,000	214,273,520	194,047,240
Disposal	-	(60,143,000)	-
Gain on fair value change	77,099,000	252,480	20,226,280
Balance at December 31	231,482,000	154,383,000	214,273,520

In 2013, TPHC sold an investment property with a fair value of P60.14 million for P25.64 million. Loss on disposal of investment property amounted to P34.50 million (Note 21).

Fair value of investment property is determined on the basis of appraisal made by an external appraiser duly certified by the management. Valuation methods employed by the appraisers mainly include the Market approach (Note 2.9). As at December 31, 2014, the cumulative fair value gains amount to P203.4 million (2013 - P126.3 million; 2012 - P180.6 million).

Note 11 - Borrowings

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

	Note	2014	2013
Third party			
Join Capital Limited (JCL)		279,570,021	278,352,034
Hongkong creditors		28,744,500	28,635,500
Related parties			
Intrinsic Value Management Ltd. (IVM)	18	13,624,642	13,624,642
Philippines Strategic International Holdings, Inc. (PSIHI)	18	450,000	450,000
		322,389,163	321,062,176

In 2012 and 2013, the Group entered into various loan agreements with JCL, a company incorporated in Hong Kong. The borrowings bear interest rates of 13% to 15% per annum and payable on demand. These borrowings are secured by the Group's investment in shares of IRC (Note 8).

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

Interest expense incurred from these borrowings amounts to P43.83 million for the year ended December 31, 2014 (2013 - P41.88 million; 2012 - P41.14 million). There was no qualifying asset in 2014 and 2013.

Borrowings from third party are all denominated in Hongkong Dollar, remaining borrowings are Peso-denominated.

Note 12 - Accounts payable and other liabilities

Accounts payable and other liabilities at December 31 consists of:

	Note	2014	2013
Accounts payable		10,956,973	19,581,410
Accrued interest		42,511,269	28,023,313
Provisions	23	47,770,052	47,770,052
Others		5,527,721	2,063,085
		106,766,015	97,437,860

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

Provisions pertain to liabilities related to guarantees arising from acquisition of an asset of a previous related party which is currently under legal proceedings (Note 23). In 2013, the Company recorded additional provision amounting to P21.61 million to reflect the obligation on unfavorable decision of the Court of Appeals dated November 19, 2013.

Note 13 - Deposits for future share subscriptions

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

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

Note 14 - Equity

Share capital at December 31 consists of:

	2014	2013
Common shares - P1 par value		
Authorized (4,000,000,000 shares)	4,000,000,000	4,000,000,000
Subscribed (1,200,000,000 shares)	1,200,0000,000	1,200,000,000
Subscribed	1,200,000,000	1,200,000,000
Subscriptions receivable	(224,465,947)	(244,965,947)
Paid, issued and outstanding	975,534,053	955,034,053
Treasury shares	(58,627,864)	(58,627,864)
	916,906,189	896,406,189

Treasury shares represent investment of MAC to the Parent Company's shares. In 2013, MAC sold 4,000,000 shares with original cost of P1 million at P1.8 million gain. In the same year, MAC reacquired 845,000 shares. In 2014, the Company received P20.50 million (2012 - P15.55 million) from various shareholders as collection from subscription receivable.

As at December 31, 2014, there are 200 (2013 - 218) shareholders each owning more than one hundred (100) shares.

Note 15 - Other expenses

Other expenses for the years ended December 31 consist of:

	2014	2013	2012
Transportation and travel	1,396,164	1,706,172	1,523,493
Security services	1,112,239	-	-
Taxes and licenses	937,050	1,061,093	2,323,435
Association dues	396,487	354,732	354,732
Communication, light and water	635,112	657,632	606,734
Office supplies	485,858	399,961	416,726
Meeting expenses	401,097	513,730	579,573
Notarial fee	300,723	409,224	341,795
Listing Fees	258,000	250,000	250,000
Miscellaneous	271,591	2,730,028	103,062
	6,194,321	8,082,572	6,499,550

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

Note 16 - Income taxes

Provision for (benefit from) income tax for the years ended December 31 follows:

	2014	2013	2012
Current	695,118	987	1,310
Deferred	7,153,031	(6,849,905)	12,050,248
Provision for (benefit from) income tax	7,848,149	(6,848,918)	12,051,558

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

	2014	2013	2012
Income before income tax	85,531,073	43,646,276	94,312,488
Tax on pretax income at 30%	25,659,322	13,093,883	28,293,746
Adjustment for income subjected to lower tax rates	(683,767)	6,161,286	(6,446,510)
Share in net earnings of associate	(5,230,578)	(36,334,938)	(11,365,412)
Unrecognized deferred income tax assets from impairment losses, NOLCO and MCIT	4,080,580	2,947,190	1,502,666
Non-taxable income	(16,639,372)	(3,664,162)	-
Non-deductible expenses	-	14,158,813	-
Others	661,964	(3,210,990)	67,068
	7,848,149	(6,848,918)	12,051,558

The Group incurred NOLCO for the year ended December 31, 2014 amounting to P13.58 million (2013 - P9.82 million; 2012 - P5.00 million). The related deferred income tax asset of P4.07 million (2013 - P2.94 million; 2012 - P1.50 million) was not recognized since the probability that those benefits would be utilized through future taxable profits is not certain.

The breakdown of NOLCO are as follows:

Year	Valid Until	2014	2013
2014	2017	13,577,662	-
2013	2016	9,820,722	9,820,722
2012	2015	5,005,611	5,005,611
2011	2014	-	7,083,301
Total available NOLCO		28,403,995	21,909,634
Deferred income tax asset not recognized at 30%		8,521,199	6,572,890

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	2014	2013
2014	2017	890,007	-
2013	2016	903,242	903,242
2012	2015	949,774	949,774
2011	2014	-	889,716
		2,743,023	2,742,732
Unrecognized MCIT		(9,237)	(3,178)
Recognized MCIT		2,733,786	2,739,554

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 P2.73 million (2013 - P2.74 million) shown under net deferred tax liabilities.

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

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

	2014	2013
Unrealized foreign exchange gain	(5,780,252)	(5,272,685)
Fair value gain on investment property	61,025,586	54,253,483
MCIT	(2,733,786)	(2,739,554)
	52,511,548	46,241,244

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 and MCIT on the other hand, is recoverable beyond 12 months from reporting date.

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

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

Note 17 - Basic and diluted earnings per share

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

	2014	2013	2012
Net income attributable to the shareholders of the Parent Company	47,727,432	74,219,926	79,527,097
Divided by the average number of outstanding common shares	975,534,053	955,034,053	949,623,505
Basic and diluted earnings per share	0.04892	0.07777	0.08375

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

Note 18 - Related party transactions and balances

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

	2014		
	Transactions	Outstanding balances	Terms and conditions
Notes receivable Associate (IRC)	20,466,250	245,336,150	Unsecured, interest bearing receivables ranging from 12% to 18% and collectible in cash on demand.
Interest income from notes receivable Associate (IRC)	11,405,348	196,464,203	Represents accrued interest on receivables that bear interests ranging from 12% to 18%.
Due from Entities under common control (IVM, PSIHI)	518,457	756,993	Unsecured, non-interest bearing and collectible in cash on demand
Borrowings from Entities under common control (IVM, PSIHI)	-	14,074,642	Unsecured, non-interest bearing and payable in cash on demand.
Advances from Entities under common control	1,428,691	8,917,688	Unsecured, non-interest bearing and payable in cash on demand.
Salaries and employee benefits Key management personnel	3,772,985	495,550	Payable on demand. As of date, outstanding balance remains unpaid.

	2013		
	Transactions	Outstanding balances	Terms and conditions
Notes receivable Associate (IRC)	-	224,869,900	Unsecured, interest bearing receivables ranging from 12% to 18% and collectible in cash on demand.
Interest income from notes receivable Associate (IRC)	38,818,146	185,058,855	Represents accrued interest on receivables that bear interests ranging from 12% to 18%.
Due from Entities under common control (IVM, PSIHI)	-	238,536	Unsecured, non-interest bearing and collectible in cash on demand
Borrowings from Entities under common control (IVM, PSIHI)	-	14,074,642	Unsecured, non-interest bearing and payable in cash on demand.
Advances from Entities under common control	-	7,488,997	Unsecured, non-interest bearing and payable in cash on demand.
Salaries and employee benefits Key management personnel	2,626,233	491,988	Payable on demand. As of date, outstanding balance remains unpaid.

Intercompany loans eliminated in 2014 amounts to P702.28 million (2013 - P709.3 million). There was no provision for impairment losses booked in 2014, 2013 and 2012 (Note 8). Based on management's assessment, receivables from related parties are deemed collectible.

Note 19 - Leases

In 2009, the Group occupied a portion of its investment property and converted it into an office space. The portion which is owner-occupied is properly reclassified as property and equipment (Note 9). The remaining portion is leased to other parties. In 2014, rental income from investment in condominium units amounts to P6.11 million (2013 - P6.23 million; 2012 - P6.22 million).

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

	2014	2013	2012
Within one year	6,112,049	6,226,884	6,217,884
After one year but not more than five years	36,196,032	29,393,044	31,134,422
	42,308,081	35,619,928	37,352,306

Note 20 - Salaries and employee benefits

Salaries and employee benefits for the years ended December 31 consists of:

	2014	2013	2012
Salaries and wages	2,523,203	2,626,233	2,643,031
Bonus and allowances	128,826	130,227	127,850
SSS, Philhealth and HDMF	118,709	104,778	107,011
Others	506,316	545,705	458,389
	3,277,054	3,406,943	3,336,281

Note 21 - Gain on disposal of assets

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

	Notes	2014	2013	2012
Investment property	10	-	(34,500,950)	-
Investment in associates	8	3,009,326	12,078,331	18,963,531
Financial asset at fair value through profit or loss	6	-	-	2,443,534
Available-for-sale		-	1,885,000	-
		3,009,326	(20,537,619)	21,407,065

Note 22 - Foreign currency denominated monetary assets and liabilities

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

	2014		2013		2012	
	In USD	In HKD	In USD	In HKD	In USD	In HKD
Cash	123,952	-	805	-	97,353	-
Borrowings	3,200,265	25,000,000	3,200,265	25,000,000	3,200,265	25,000,000
Accrued interest	308,780	7,855,106	42,822	4,561,449	42,822	4,561,449
Total	3,632,997	32,855,106	3,243,892	29,561,449	3,340,440	29,561,449
Exchange rates	44.7000	5.7489	44.4500	5.7271	41.1000	5.3144
Peso equivalent	162,394,966	188,880,719	144,190,999	169,301,375	137,292,084	157,101,365

The foreign exchange charge for the year ended December 31, 2014 amounted to P1.71 million (2013 - P25.59 million; 2012 - P19.60 million gain) of which a loss of P1.43 million pertains to unrealized portion (2013 - P23.26 million; 2012 - P19.30 million gain).

Note 23 - Contingencies

In the normal course of business, the Company is a defendant on 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 a former co-shareholder of the Company in a fast craft shipping business. Details of this pending case follow:

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

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

After divergent decisions by the arbitrator and regional trial court, the case was transferred to Court of Appeals for further proceedings. In 2013, a final decision has been rendered by the Court of Appeals, instructing the Company to pay the agreed guaranteed returns and arbitration costs including 12% interest calculated from the date of initial ruling amounting to P47.77 million as shown in the consolidated statement of financial position under accounts payable and other liabilities (Note 12).

Mabuhay Holdings Corporation
Schedule of Philippine Financial Reporting Standards
effective as at December 31, 2014

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

		Adopted	Not Adopted	Not Applicable
PFRS 8	Operating Segments			✓
PFRS 9*	Financial Instruments	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, 12 and PAS 27: Consolidation for investment entities	✓		
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 Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	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	Consolidated and Separate Financial Statements	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		

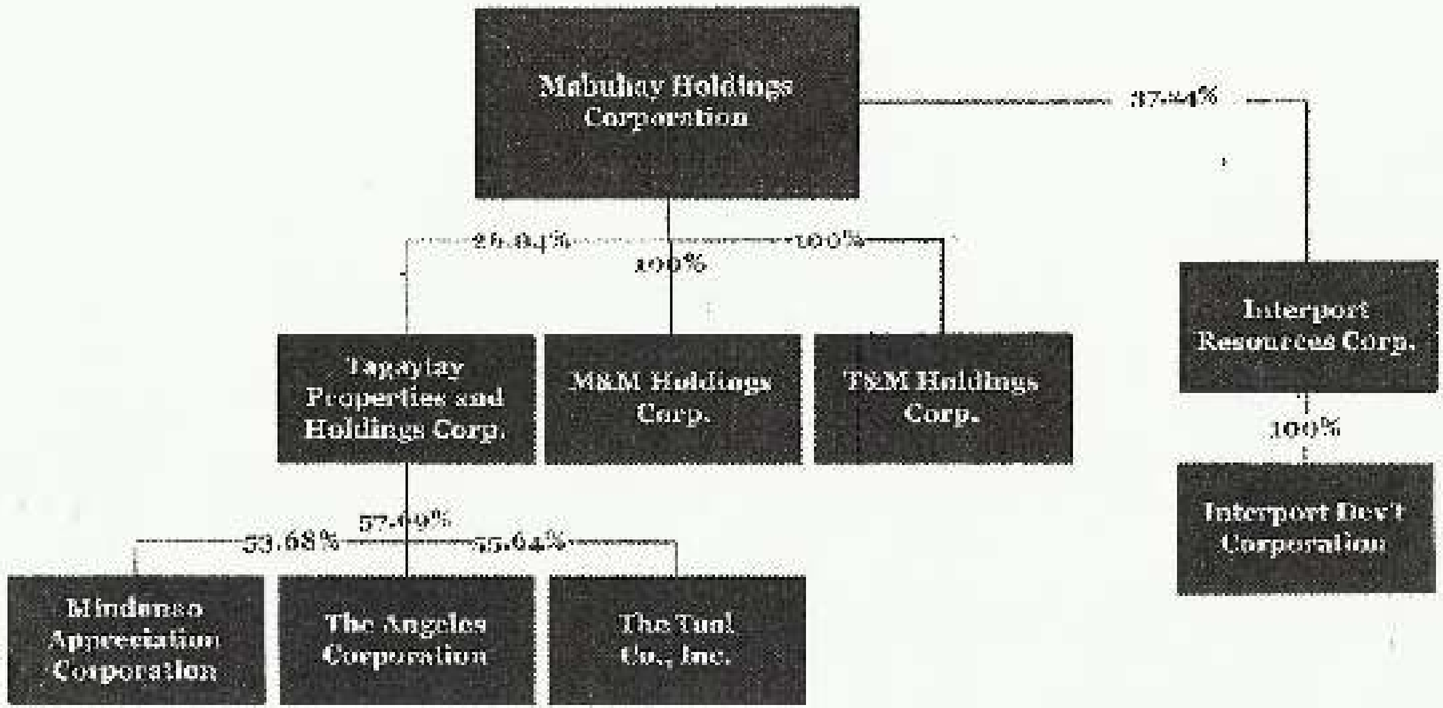
		Adopted	Not Adopted	Not Applicable
PAS 28	Investments in Associates	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures	✓		
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	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	✓		
	Amendments to PAS 32: Financial Instruments Assets and Liability Offsetting	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Impairment of assets - Recoverable amount disclosures	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast 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			✓
	Amendment to PAS 39: Financial Instruments: Recognition and Measurement - Novation of Derivatives and Hedge Accounting			✓
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,			✓

		Adopted	Not Adopted	Not Applicable
	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			✓
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			✓
IFRIC 21	Levies			✓
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-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 and interpretations that are labeled as “Not Applicable” are already effective as at December 31, 2014 but will never be relevant/applicable to the Group or are currently not relevant to the Group because it has currently no related transactions.

Mabuhay Holdings Corporation and Subsidiaries

Map of the Group of Companies within which the Reporting Entity Belongs
December 31, 2014



Mabuhay Holdings Corporation and Subsidiaries

Schedule A. Financial Assets
December 31, 2014

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
China Banking Corporation		15,474,363		
Phil. Realty A	1,900,000		969,000	
Basic Energy Corp.	1,110,000		321,900	
RFM Corporation	40,000		200,400	
Splash Corporation	100,000		184,000	
Filinvest Land, Inc.	84,250		128,903	
Chemrez Tech. Inc.	15,000		78,500	
Ayala Corporation	69		47,886	
Cosco Capital, Inc.	5,000		43,250	
Greenergy H./Musx Corp.	82,300		30,527	
Uniwide Holdings, Inc.	1,410,000		21,150	
BDO Unibank, Inc.	123		13,505	
F. Estate Land Inc.	6,850		11,645	
Vulcan Industrial	5,000		8,650	
United P. Mining Corp.	750,000		8,250	
Swift Food Inc.	44,621		7,184	
GMA Network, Inc.	1,000		6,300	
National Reinsurance Corp.	5,000		4,500	
Swift Food Inc. (Preference)	1,759		3,272	
Filipino Fund Inc.	330		2,327	
Anscor	190		1,286	
Basic Conso. Inc.	3,300		957	
Manila Mining Corp. (B)	9,551		143	
Manila Mining Corp. (A)	4,345		65	
IRC Properties, Inc.		436,363,852		
Others		4,140,040		
Total		455,978,255	2,091,600	

Malubay Holdings Corporation and Subsidiaries

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)
December 31, 2014

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, 2014

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	1,300,836	609,001			1,909,837		1,909,837
Mabuhay Holdings Corporation	93,362,745	48,267			93,411,012		93,411,012
M&M Holdings Corporation	140,502	54,243			194,745		194,745
The Angeles Corporation	10,972,998	54,143			11,027,141		11,027,141
T&M Holdings, Inc.	581,909,195		(6,437,764)		575,471,431		575,471,431
Tagaytay Properties Holdings Corporation	22,965,153		(2,407,789)		20,557,364		20,557,364
The Taal Company, Inc.	324,569	40,749			365,318		365,318
Total	710,975,998	806,403	(8,845,553)		702,936,848		702,936,848

Mabuhay Holdings Corporation and Subsidiaries

Schedule D. Intangible Assets - Other Assets
December 31, 2014

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

Mabuhay Holdings Corporation and Subsidiaries

Schedule E. Long-term debt
December 31, 2014

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, 2014

Name of related party	Balance at beginning of period	Balance at end of period
NONE		

Mabuhay Holdings Corporation and Subsidiaries

Schedule G. Guarantees of Securities of Other Issuers
December 31, 2014

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
	NONE			

Mabuhay Holdings Corporation and Subsidiaries

Schedule H. Capital Stock
December 31, 2014

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
COMMON SHARES	4,000,000,000	1,200,000,000		10,528,400	1,050	1,189,368,650

Mabuhay Holdings Corporation and Subsidiaries

Financial Soundness Indicators
December 31, 2014 and 2013

	Dec. 31, 2014	Dec. 31, 2013
Net Profit Ratio	.8958	7.771
Return on Assets	.0447	.0311
Return on equity	.0737	.0529
Current ratio	.07267	.6953
Acid test	.0278	.0434
Debt to equity	.6506	.6982
Debt to assets	.3941	.4111
Asset to equity	1.6506	1.6982
Interest coverage	2.9515	2.0422
Earnings (loss) per share	0.0489	0.0778

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

(A) Use of Form ACGR

This SEC Form shall be used to meet the requirements of the Revised Code of Corporate Governance.

(B) Preparation of Report

These general instructions are not to be filed with the report. The instructions to the various captions of the form shall not be omitted from the report as filed. The report shall contain the numbers and captions of all items. If any item is inapplicable or the answer thereto is in the *negative*, an appropriate statement to that effect shall be made. Provide an explanation on why the item does not apply to the company or on how the company's practice differs from the Code.

(C) Signature and Filing of the Report

A. Three (3) complete sets of the report shall be filed with the Main Office of the Commission.

B. At least one complete copy of the report filed with the Commission shall be **manually** signed.

C. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.

D. This report is required to be filed annually together with the company's annual report.

(D) Filing an Amendment

Any material change in the facts set forth in the report occurring within the year shall be reported through SEC Form 17-C. The cover page for the SEC Form 17-C shall indicate "Amendment to the ACGR".

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year ___2014___

2. Exact Name of Registrant as Specified in its Charter MABUHAY HOLDINGS CORPORATION

3. 35/F Rufino Pacific Tower 6784 Ayala Avenue, Makati City __1228__
   Address of Principal Office Postal Code

4. SEC Identification Number .... 5. (SEC Use Only)
   Industry Classification Code

6. BIR Tax Identification Number ....

7. ______(632) 7502000______
   Issuer's Telephone number, including area code

8. ______________Not Applicable__________________________
   Former name or former address, if changed from the last report

TABLE OF CONTENTS

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	7

Actual number of Directors for the year	7

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)[1]	Elected when (Annual /Special Meeting)	No. of years served as director
Roberto V. San Jose	NED		Araceli C. Molina	2003	July 2014	ASM*	12
Esteban G. Peña Sy	ED		Araceli C. Molina	2006	July 2014	ASM*	9
Kong Muk Yin	NED		Araceli C. Molina	2009	July 2014	ASM*	6
Ana Maria A. Katigbak	NED		Araceli C. Molina		July 2014	ASM*	
Wong Peng Chong	NED		Araceli C. Molina	2009	July 2014	ASM*	6
Rodrigo B. Supeña	ID		Araceli C. Molina (not related to ID)	2009	July 2014 (2 yrs.)	ASM*	6
Steven G. Virata	ID		Araceli C. Molina (not related to ID)	2006	July 2014 (2 yrs.)	ASM*	9

*Annual Stockholders Meeting held on July 29, 2014

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

Treatment of all shareholders

Each share entitles the holder to one vote that may be exercised in person or by proxy at shareholder meetings, including the Annual Stockholders' Meeting. The shareholders have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. Voting procedures on matters presented for approval to the stockholders in the Annual Stockholders' Meeting are set out in the Definitive Information Statement, which is sent out to all stockholders of record at least 15 days before the date of meeting. It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Respect for the rights of minority shareholders and of other stakeholders

The Board of Directors ensures that all rights of stockholders as mandated and set forth in the Corporation Code of the Philippines, Articles of Incorporation and By Laws of the Company shall be respected. Among these rights of stockholders as provided for in the Corporation Code are: right to vote on all matters that require their consent or approval; right to inspect corporate books and records; right to information; right to dividends; and appraisal right.

Although all stockholders should be treated equally or without discrimination, minority stockholders may request in writing the holding of meetings and the items for discussion in the agenda that relate directly to a legitimate purpose and the business of the Corporation, subject to the requirement under the By-laws that such requesting stockholder is the holder of record of not less than one-fourth of the outstanding voting capital stock of the Corporation.

[1] Reckoned from the election immediately following January 2, 2012.

Disclosure Duties

The essence of corporate governance is transparency. The Board believes that the more transparent the internal workings of the corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the corporation or misappropriate its assets. It is therefore essential that all material information about the corporation which could adversely affect its viability or the interest of the stockholders should be publicly and timely disclosed. Such information include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, minimum public ownership, direct/ indirect remuneration of members of the Board and Management and other corporate disclosures required for reporting by the regulators.

All required information are fully disclosed through the submissions and filings made to the SEC and the PSE.

Board Responsibilities

It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.

The Board recognizes that a good corporate governance system is integral to the mandate bestowed upon them by the Company's stockholders. They are fully conscious of their fiduciary duties, accountabilities and responsibilities to all stakeholders, and they subscribe to the belief that the pursuit of corporate goals must be bound by high ethical standards. Its duties and responsibilities as defined in the Company's amended By-laws include: (1) acting on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and its stockholders; (2) staying up-to date on developments in finance and corporate governance; (3) acting with confidentiality and discretion in the use of information proprietary to the Company; (4) avoiding any conflict of interest; (5) conducting fair business transactions with the Corporation (6)disclosing any relationship that can compromise a Director's independence;(7) fostering a non-discriminatory work and business environment; (8) exercising due prudence in the use of Company's resources; (9) keeping Board authority within powers of the institution; (10) respecting the rights of all stakeholders; (11) submitting to a vote of shareholders all matters requiring their approval under the Corporation Code; (12) adhering to all laws and regulations defining the Board's obligations

(c) How often does the Board review and approve the vision and mission? The Board reviews and approves the Company's vision and mission when it deems necessary to do so.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group[2]

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Esteban G. Peña Sy	IRC Properties, Inc. M&M Holdings Corporation Mindanao Appreciation Corp. T&M Holdings Corporation Tagaytay Properties and Holdings Corporation The Angeles Corporation The Taal Company, Inc.	Chairman, ED Chairman, ED Chairman, ED Chairman, ED Chairman, ED Chairman, ED Chairman, ED
Roberto V. San Jose	IRC Properties, Inc. M&M Holdings Corporation Mindanao Appreciation Corp.	NED NED NED

[2] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	T&M Holdings Corporation Tagaytay Properties and Holdings Corporation The Angeles Corporation The Taal Company, Inc.	NED NED NED NED NED
Kong Muk Yin	IRC Properties, Inc.	NED
Wong Peng Chong	IRC Properties, Inc.	NED
Rodrigo B. Supeña	IRC Properties, Inc.	ID
Steven G. Virata	IRC Properties, Inc.	NED

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Roberto V. San Jose	IRC Properties, Inc.	NED
Esteban G. Peña Sy	IRC Properties, Inc.	ED
Kong Muk Yin	IRC Properties, Inc. COL Capital Limited* APAC Resources Limited* China Vision Media Group Limited*	NED ED ED NED
Wong Peng Chong	IRC Properties, Inc. COL Capital Limited*	NED ED
Rodrigo B. Supeña	IRC Properties, Inc.	ID
Steven G. Virata	IRC Properties, Inc.	NED

* the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "SEHK")

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Esteban G. Peña Sy	Prokey Investment Ltd.	President and Owner
Wong Peng Chong	Year Champion Investments Ltd.*	ED of COL Capital Ltd*
Kong Muk Yin	Year Champion Investments Ltd.*	ED of COL Capital Ltd*

*Year Champion Investments Ltd is a directly wholly owned subsidiary of Bestford International Limited, a direct wholly owned subsidiary of COL Capital Limited, a listed company in Hong Kong.

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? No.
If yes, briefly describe other guidelines:

	Guidelines	Maximum Number of Directorships in other companies
Executive Director		

Non-Executive Director		
CEO		

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Roberto V. San Jose	600		-nil-
Esteban G. Peña Sy	50	351,289,763 (Prokey) 2,010,000 (PCD)	29.44%
Kong Muk Yin	50		-nil-
Ana Maria A. Katigbak	50		-nil-
Wong Peng Chong	50		-nil-
Rodrigo B. Supeña	50		-nil-
Steven G. Virata	100		-nil-

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes [x] No [ ]

Identify the Chair and CEO:

Chairman of the Board	Roberto V. San Jose
CEO/President	Esteban G. Peña Sy

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	He effectively manages the affairs of the Board. He exercises such powers which are given him by the company's By-Laws and such other duties customarily incident to the said office and those which may be prescribed by the Board of directors from time to time. Generally he ensures that the Board is effective in its tasks of setting and implementing the company's direction and strategy.	Generally the President shall be the Chief Executive Officer of the Corporation and shall be responsible for the effective management of the Company. He supervises and manages the internal organization and business affairs of the Corporation and ensures that the administrative and operational policies of the Corporation are carried out under his supervision and control.
Accountabilities	Presiding at all meetings of the Stockholders and of the Board of Directors. Maintaining qualitative and timely lines of communication and information between the Board and Management. Holding board meetings in accordance with the by-laws or as he may deem necessary.	Upon authority granted by the Board of Directors the President; • signs deeds, bonds, contracts, or other instruments; • authorizes the purchase or acquisition of personal properties, furniture, fixtures, or other office equipments • approves all expenses or disbursements authorized in the budget of the Corporation • represents the Corporation in any negotiation which may be necessary to make in the usual course of business • represents the Corporation in any judicial or administrative proceedings

		• appoints and discharges employees occupying the positions authorized by the Board of Director • performs all other duties customarily incident to his office and as may be prescribed by the Board from time to time.
Deliverables	Meeting agenda prepared by the Corporate Secretary considers suggestions of the President, Management and the directors. Recommendations regarding the business of the Corporation is submitted for consideration of the Board of Directors. He casts the deciding vote in case of a tie in the Stockholders or in the Board of Directors' meeting	Submits and recommends for Board approval: • short and long range plans for the Corporation; • Balance Sheet, Profit and Loss Statement, Budget of administration expenses and • Annual Report on the operation and condition of the Corporation Executes all resolutions of the stockholders and the Board of directors.

3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

The Board of Directors through its Nomination and Remuneration Committees and upon endorsement by the Executive Management reviews and evaluates the qualifications of all persons nominated to the Board as well as those nominated to other positions which includes the CEO/President and the top key management positions to ensure that only qualified, competent, honest and highly motivated officials are appointed. The Company when necessary may also engage the services of professional recruitment or reputable job placement agencies or organizations to source candidates for management and executive level jobs.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Yes. Please explain.

Directors sitting in the Board shall have the necessary skills, competence and experience, in terms of management capabilities. They should possess practical understanding of the business of the Company.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

As mentioned in our Definitive Information Statement and Annual Report, we have non-executive directors who possess the competence and experience in the field of finance , real estate and related disciplines where the Company belongs to.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	Generally the President shall be the Chief Executive Officer of the Corporation and shall be responsible for the effective management of the Company. He shall supervise and manage the internal organization and business affairs of the Corporation and ensure that the administrative and operational policies of the Corporation are carried out under his supervision and control.	A director's office is one of trust and confidence. Directors should act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress. In addition, an independent director identifies the most critical issues for the board to deal with and assist the board in achieving consensus on important issues.	
Accountabilities	Upon authority granted by the Board of Directors the President; • signs deeds, bonds, contracts, or other instruments; • authorizes the purchase or acquisition of personal properties, furniture, fixtures, or other office equipments • approves all expenses or	He shall observe the following norms of conduct: • Conduct fair business transactions with the corporation and ensure that personal interest does not prejudice Board decisions; • Devotes time and attention necessary to properly discharge his duties and responsibilities; • Acts judiciously; • Exercises independent	

	disbursements authorized in the budget of the Corporation • represents the Corporation in any negotiation which may be necessary to make in the usual course of business • represents the Corporation in any judicial or administrative proceedings • appoints and discharge employees occupying the positions authorized by the Board of Director • performs all other duties customarily incident to his office and as may be prescribed by the Board from time to time.	judgment; • Have working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation, By-laws, the requirements of the SEC, and where applicable the requirements of other regulatory agencies such as the IC; • Observes confidentiality; • Ensures the continuing soundness, effectiveness and adequacy of the Company's internal control system. Directors shall have the duty of preparing and actively participating in board meetings. Independent directors should always attend board meetings.	
Deliverables	Submits and recommends for Board approval: • short and long range plans for the Corporation; • Balance Sheet, Profit and Loss Statement, Budget of administration expenses and • Annual Report on the operation and condition of the Corporation Executes all resolutions of the stockholders and the Board of directors.	The Board establishes the general policies and guidelines which will enable Management to render an effective management of the Company and as part of which undertakes to: • Formulate company's vision and mission; • Approve and confirm management's corporate strategies, major plans of actions, risk policy, annual budget and business plan; • Adopts a succession plan • Review annually the Company's compliance with its Code of Corporate Governance; • Approve corporate policies on major areas of operations, including Underwriting, Investments, Reinsurance Claims management and risk management • Ensures the adequacy and effectiveness of the Company's internal control and management information systems • Approves annual budget and general expenses upon recommendation of the President • Submits annually at regular General Meeting of Stockholders the Balance Sheet, Profit and Loss Statement and Annual Report on the condition of the Corporation;	

Provide the company's definition of "independence" and describe the company's compliance to the definition.

Independent Director refers to a person other than an officer or employee of the Corporation, its parent or subsidiaries, or any other individual having any relationship with the Corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities or a director. This means that apart from directors' fees and shareholdings, he should be independent of Management and free from any business or other relationships which could materially interfere with the exercise of his independent judgment. He must also possess all the qualifications and none of the disqualifications of an independent director provided under IC

Circular Letter No. 31-2005, SRC Rule 38, the SEC Revised Code of Corporate Governance, and other relevant IC and SEC issuances and regulations.

Pursuant to the applicable rules and regulations of the SEC, independent directors are nominated and elected in the Annual Stockholders' Meeting and each director issues a certification confirming his independence within 30 days from his election. Messrs. Rodrigo B. Supeña and Steven G. Virata are currently the Company's Independent Directors.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.
The Company follows the SEC's guidelines on setting the term limit for an Independent Director. The Company will formalize its policy which will be consistent with the related SEC Memorandum Circular 9, Series of 2011 on the Term Limits for Independent Directors, which took effect on January 2, 2012.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period: None

Name	Position	Date of Cessation	Reason
No changes during the period			

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure*:*

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors (we have only one Executive Director who is also the President / CEO)	The Board thru its Nomination Committee pre-screens the qualifications of all nominees to the Board of Directors, taking into consideration the relevant issuances of the Securities and Exchange Commission. At the organizational meeting of the Board of Directors, the Board elects the officers of the Company and designates the members of the corporate governance committees.	Qualifications of Regular Directors: Directors sitting on the Board must own at least twenty (20) shares of the outstanding capital stock of the Corporation which share shall stand in his name in the books of the Corporation Directors sitting in the Board shall possess the necessary skills, competence and experience, in terms of management capabilities. He must possess all the qualifications and none of the disqualifications of regular directors under the MHC Revised Manual of Corporate Governance. The Board of directors may provide for additional qualifications of a director, such as but not limited to the following: (a) educational attainment, (b) practical understanding of the business, (c) membership in good standing in relevant industry, business, or professional organizations and (d) previous business experience.

(ii) Non-Executive Directors	(Process adopted is similar as stated above)	(Same criteria provided above)
(iii) Independent Directors	(Process adopted is similar as stated above)	Additional Qualifications of Independent Directors- apart from the qualifications set forth above: (a) A candidate for independent director must be independent of the Corporation's management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Corporation. (b) He should satisfy the definition, possess the qualifications and none of the disqualifications as provided by the Insurance Code and the SRC Rule 38 on the requirements on nomination and election of Independent Directors. (c) If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with.
b. Re-appointment		
(i) Executive Directors	Same process as appointment/selection	
(ii) Non-Executive Directors		
(iii) Independent Directors		
c. Permanent Disqualification		
(i) Executive Directors	Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board of Directors. It shall pre-screen the qualifications of all nominees to the Board of Directors, taking into consideration the relevant issuances of the Securities and Exchange Commission.	Permanent Disqualifications Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them; Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final

		judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities. The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission, or under any rule or regulation issued by the Commission, or has otherwise been restrained to engage in any activity involving securities; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization; Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts; Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order; Any person earlier elected as independent director who becomes an officer, employee or consultant of the Corporation;

		Any person judicially declared as insolvent; Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of facts, violations or misconduct similar to any of the acts, violations or misconduct enumerated above; Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.
(ii) Non-Executive Directors		(Same criteria for permanent disqualifications, as stated above for Executive Directors)
(iii) Independent Directors		(Same criteria for permanent disqualifications, as stated above for Executive Directors) The disqualifications of an independent director shall be as provided for under SEC Revised Code of Corporate Governance, the Securities Regulation Code and its Amended Implementing Rules and Regulations, and such other relevant issuances of the SEC. He shall likewise be disqualified during his tenure under the following instances or causes: 1. He becomes an officer or employee of the corporation where he is such member of the board of directors/trustees, or becomes any of the persons enumerated under Section II (5) of the Code of Corporate Governance 2. His beneficial security ownership exceeds two (2) percent of the outstanding capital stock of the company where he is such director; 3. Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency; 4. Such other disqualifications which the covered company's Manual of Corporate Governance provides.

		5. A securities broker-dealer is likewise disqualified from sitting as an independent director of listed companies and registered issuers of securities.
d. Temporary Disqualification		
(i) Executive Directors	Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board of Directors. It shall pre-screen the qualifications of all nominees to the Board of Directors, taking into consideration the relevant issuances of the Securities and Exchange Commission.	Any of the following shall be a ground for the temporary disqualifications of a director: 1. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its implementing Rules and Regulations, and the disqualification shall be in effect as long as the refusal persists. 2. Absence in more than fifty (50) percent of all regular and special meetings of the board during his incumbency or any twelve months during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. 3. Dismissal or termination for cause as director of any corporation covered by this Code. 4. Beneficial equity ownership of an independent director in the corporation or its subsidiary exceeds two (2) percent of its subscribed capital stock. 5. If any of the judgment or orders cited in the grounds for permanent disqualifications has not yet become final. 6. A temporarily disqualified director shall, within 60 business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.
(ii) Non-Executive Directors	(Same process stated above for Executive Directors is adopted.)	(Same criteria for temporary disqualifications, as stated above for Executive Directors is adopted.)
(iii) Independent Directors	(Same process stated above for Executive Directors is adopted.)	(Same criteria for temporary disqualifications, as stated above for Executive Directors is adopted.)
e. Removal		
(i) Executive Directors	Vacancy in the Board. Any vacancy in the Board of Directors, other than those	He possesses any of the criteria enumerated for permanent disqualifications, as stated above

	caused by removal by the stockholders or expiration of term, shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, said vacancies must be filled by the stockholders in a regular or special meeting called for that purpose. A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office.	
(ii) Non-Executive Directors	(same process as stated above is adopted)	He possesses any of the criteria enumerated for permanent disqualifications, as stated above
(iii) Independent Directors	Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board of Directors. The termination and cessation of an Independent director shall be governed by the provisions of SEC Memorandum Circular 2, otherwise known as the Code of Corporate Governance, the Securities Regulation Code and its Amended Implementing Rules and Regulations, and such other relevant issuances of the Securities and Exchange Commission.	He possesses any of the criteria enumerated for permanent disqualifications, as stated above
f. Re-instatement		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	(Same process as stated above in the selection/appointment and re-election of both regular and independent directors is adopted.)	(Same criteria is used as stated above in the selection/appoint-ment and re-election of both regular and independent directors is adopted.)
g. Suspension		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	(Same process as stated above in the removal of both regular and independent directors is adopted.)	(Same criteria is used as stated above in the removal of both regular and independent directors is adopted.

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Roberto V. San Jose	The number of nominees for directors is 7and this equals the number of board seats available so that each of the 7 nominees for directors received equal number of votes of 114,175,558 each.
Esteban G. Peña Sy	
Kong Muk Yin	
Ana Maria A. Katigbak	
Wong Peng Chong	

Rodrigo B. Supeña	
Steven G. Virata	

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

The Company does not have a formal orientation program however, new directors are provided with reference reading materials to assist them in understanding better the business and operations of the Company. Among the reading materials provided are: (1) Audited Financial Statements, (2) SEC Form 20-IS- Information Statement/ Annual Report, (3) Revised Manual of Corporate Governance, (4) Amended Articles of Incorporation, (5) Amended By-laws, (6) MHC Company Policy Manual that includes the Company's Code of Ethics and Code of Conduct, (7) Definitive Information Statement, (8) Board Committee Charters, (9) Minutes of Annual Stockholders' Meeting, (10) Other relevant write-ups, references or real estate industry reports.

(b) State any in-house training and external courses attended by Directors and Senior Management[3] for the past three (3) years:

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Wong Peng Chong	6/21/2012	Amendment of Listing Rules* – Guidelines on Disclosure of Inside Information	Fred Kan & Co.**
Kong Muk Yin	6/12/2012	Amendment of Listing Rules* – Guidelines on Disclosure of Inside Information	Fred Kan & Co.**

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

* the Rules Governing the Listing of Securities on the SEHK
** a law firm in Hong Kong

B. CODE OF BUSINESS CONDUCT & ETHICS

1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	MHC expects its employees to refrain from any activity which will in anyway interfere with or run in conflict with their work or jeopardize the Company's interest. Everyone is expected to conduct himself properly so that his good faith and integrity shall not be open to question. The following are areas where conflict of interest may occur: ***Confidentiality*** No employee shall, without authority, give or release to anyone any data or information of confidential nature concerning the Company, such as those relating to decisions, plans or competitive bids, or to use such information to his/her personal advantage and not to the best interest of the Company. ***Other employment / Outside interests*** Employment with the Company is regarded as a full-time occupation during working hours. No employee may engage in other gainful employment with another employer or engage in any other interest which will adversely affect the employee's performance during working hours. It is considered to be in conflict with the Company's interest for an employee to serve: -as an officer or director of any other company without the consent of the Board of Directors or Executive Committee of MHC; or		

[3] Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

	-in any management capacity for, or as a consultant to any individual, firm or other company doing or seeking to do business with the Company. ***Own/family's interest in another company*** It is considered in conflict with Company's interest, for an employee or any member of his/her immediate family to have an interest in another company which has, or is seeking to have business dealings with the Company, esp. when there is an opportunity for preferential treatment to be given or received. Exception: where such an interest comprises securities in widely held quoted corporation or in private companies where the interest is not material. Where such a conflict exists, the employee is strictly prohibited from getting involved or participating in the transaction. ***Gifts/perquisites*** An employee should not accept commissions, loans or advances (other than from financial institutions), materials, services repairs at no cost of at unreasonably low prices, excessive or extravagant entertainment, gifts in cash or in kind and gift certificates from any firm(s) or individual(s) doing or seeking to do business with the Company, in exchange for any favor, promise or reward. During occasions, employees may receive gifts and favors, but in no case should the value thereof exceed nominal proportions. ***Standing for elections*** In order that the Company can avoid involvement or identification with any political party, an employee who wishes to run for elections must resign from the Company upon the employee's submission of his application for the position desired.
(b) Conduct of Business and Fair Dealings	In competition and fair dealings, the company's Directors, Senior Management and Employees, shall: ➢ not take unfair advantage of anyone through manipulation, collusion, concealment, abuse of privileged information, or misrepresentation of material fact; ➢ not make false statements against competitors, their products and/or services; and ➢ exercise reasonable and prudent professional judgment when dealing with clients. ➢ deal fairly with the Company's customers, service providers, suppliers, competitors and employees
(c) Receipt of gifts from third parties	An employee should not accept commissions, loans or advances (other than from financial institutions), materials, services repairs at no cost of at unreasonably low prices, excessive or extravagant entertainment, gifts in cash or in kind and gift certificates from any firm(s) or individual(s) doing or seeking to do business with the Company, in exchange for any favor, promise or reward. During occasions, employees may receive gifts and favors, but in no case should the value thereof exceed nominal proportions.
(d) Compliance with Laws & Regulations	Directors, officers and employees shall uphold right conduct and shall personally adhere to the norms and restrictions imposed by applicable laws, rules and regulations. They shall not accept demands brought on by prevailing business conditions or perceived pressures as excuses to violate any law, rule or regulation.
(e) Respect for Trade Secrets/Use of Non-public Information	Directors, Officers and employees shall maintain and safeguard the confidentiality of information entrusted by the Company, customers, business partners or such other parties with whom the Company relates, except when disclosure is authorized or legally mandated. They should not trade the company's securities using price sensitive information that is not normally available publicly, and obtained by reason of position, contact within, or other relationship with the Company.
(f) Use of Company Funds, Assets and Information	Directors, Officers and Employees shall use company property and resources including company time, supplies and software, efficiently, responsibly and only for legitimate business purposes only. They shall safeguard company assets from loss, damage, misuse or theft and shall respect intellectual property rights.
(g) Employment & Labor Laws & Policies	Employment in the Company signifies willingness and commitment to perform according to standards set by management and to abide by all the policies and procedures as well as rules and regulations of the Company. The Company has an Employees' Manual of Policies and Procedures which provides for employee rights, obligations and sets policies on employee-related matters to ensure uniformity and consistency in the interpretation and implementation of Human Resources Policies and Programs, which are consistent with and in accordance with relevant provisions of the Labor Code.
(h) Disciplinary action	In accordance with the Company's Code of Discipline and depending on the nature of the misconduct, the Company may mete out the following disciplinary actions to erring employees, officers and directors: (a) Verbal warning, (b) Written warning, (c) Suspension, and (d) Termination
(i) Whistle Blower	No written policy on this.
(j) Conflict Resolution	Done in accordance with the Company's Code of Discipline: If an employee is aggrieved by disciplinary action taken by his superior, he/she may appeal within three (3) days of its occurrence in the following manner: (a) An employee alleging that he/she has a grievance must immediately lodge it in writing to his superior within three (3) days.

	(b) If the matter is not resolved within three (3) working days after such grievance is lodged, the matter will be referred to the Personnel Manager for mediation within a further period of three (3) days. (c) If the matter is still not resolved, the Executive Committee will form a Disciplinary Board comprising a member of the EXCO, the Personnel Manager and one (1) other manager. Investigation will be made and witnesses may be called to give evidence. The decision of the Disciplinary Board is final. Although no occurrence of conflict resolution had been experienced for Directors, a similar process will be followed.

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees? Yes

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.
The Personnel Manager implements and monitors compliance with the Company's Code of Ethics. So far, no Director had been sanctioned for violation of the Company's Policies on Code of Ethics and Discipline.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company (2) Joint Ventures (3) Subsidiaries (4) Entities Under Common Control	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 MHC, or between, and/or among 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. Transactions entered into by the Company with related parties are at arm's length and have terms similar to the transactions entered into with third parties.
(5) Substantial Stockholders (6) Officers including spouse/children/siblings/parents (7) Directors including spouse/children/siblings/parents (8) Interlocking director relationship of Board of Directors	Beneficial ownership transactions disclosed with SEC and PSE. Other transactions are at arm's length.

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)

Name of Director/s	
Name of Officer/s	
Name of Significant Shareholders	

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	Policies requiring disclosures on direct and indirect beneficial ownership in accordance with the SEC and PSE rules.
Group	

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,[4] commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Prokey Investments Ltd.	Interlocking Director	Interlocking Director
Year Champion Investments Ltd.	Interlocking Directors	Interlocking Directors

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
Prokey Investments Ltd.	Shareholder owning more than 5%	Interlocking Director
Year Champion Investments Ltd.	Shareholder owning more than 5%	Interlocking Directors

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
None		

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	No conflict for the last 3 years
Corporation & Third Parties	
Corporation & Regulatory Authorities	

[4] Family relationship up to the fourth civil degree either by consanguinity or affinity.

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year? Board meetings are scheduled as the need arises.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Roberto V. San Jose	July 29, 2014	6	6	100%
Member	Esteban G. Peña Sy	July 29, 2014	6	6	100%
Member	Ana Maria A. Katigbak	July 29, 2014	6	6	100%
Member	Wong Peng Chong	July 29, 2014	6	5	83%
Member	Kong Muk Yin	July 29, 2014	6	3	50%
Independent	Steven G. Virata	July 29, 2014	6	4	67%
Independent	Rodrigo B. Supeña	July 29, 2014	6	6	100%

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? Yes, as need arises.

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain. The quorum requirement meets that set by the Corporation Code, which is, majority of the board members.

5) Access to Information

(a) How many days in advance are board papers[5] for board of directors meetings provided to the board? Distributed at least two to three days before the board meeting.

(b) Do board members have independent access to Management and the Corporate Secretary? Yes

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?
Yes, the Corporate Secretary prepares the board agenda for review and approval of the Chairman and the President. His other responsibilities are:

- Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Corporation; such responsibility may be delegated to the legal department of the Corporation.
- Be loyal to the mission, vision and objectives of the Corporation;
- Work fairly and objectively with the Board, Management and stockholders;
- Have appropriate administrative and interpersonal skills;
- If he is not at the same time the Corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- Have a working knowledge of the operations of the Corporation;
- Inform the members of the Board, in accordance with the by-laws of the agenda of their meetings

[5] Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;

- Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;

- Ensure that all Board procedures, rules and regulations are strictly followed by the members; and

- If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Code.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative. Yes, the Company's Corporate Secretary is both a lawyer and a Certified Public Accountant.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes [x] No [ ]

Committee	Details of the procedures
Executive	They are given the agenda and the necessary documents and information via email.
Audit	
Nomination	
Remuneration	
Others (specify)	

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details: None.

Procedures	Details

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
	None	

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Discussed by the Remuneration Committee and approved by the Board.	
(2) Variable remuneration		
(3) Per diem allowance		
(4) Bonus		
(5) Stock Options and other financial instruments		
(6) Others (specify)		

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Discussed by the Remuneration Committee and approved by the Board.	Fixed monthly salary, health insurance, company provided vehicle and driver and cellular phone	
Non-Executive Directors		Per diem and reimbursement of business expenses	

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? No. Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration			
(b) Variable Remuneration			

(c) Per diem Allowance			
(d) Bonuses			
(e) Stock Options and/or other financial instruments			
(f) Others (Specify)			
Total	Php 3,112,000	Php 438,000	Php 270,000

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances			
2) Credit granted			
3) Pension Plan/s Contributions			
(d) Pension Plans, Obligations incurred			
(e) Life Insurance Premium			
(f) Hospitalization Plan			
(g) Car Plan			
(h) Others (Specify)	Company provided car, cellular phone and driver		
Total			

4) Stock Rights, Options and Warrants: Not Applicable. The Company does not have stock rights, options, warrants.

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/ Warrants	Number of Indirect Option/Rights/ Warrants	Number of Equivalent Shares	Total % from Capital Stock
Not applicable.				

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
	None	

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Araceli C. Molina	370,083

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive							
Audit							
Nomination							
Remuneration							
Others (specify)							

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						
Member (ED)						
Member (NED)						

Member (ID)						
Member						

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						
Member (ED)						
Member (NED)						
Member (ID)						
Member						

Disclose the profile or qualifications of the Audit Committee members.

Describe the Audit Committee's responsibility relative to the external auditor.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						
Member (ED)						
Member (NED)						
Member (ID)						
Member						

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						
Member (ED)						
Member (NED)						
Member (ID)						
Member						

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive		
Audit		
Nomination		
Remuneration		
Others (specify)		

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive		
Audit		
Nomination		
Remuneration		
Others (specify)		

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive		
Audit		
Nomination		
Remuneration		
Others (specify)		

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;
(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;
(c) Period covered by the review;
(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and
(e) Where no review was conducted during the year, an explanation why not.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;
(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;
(c) Period covered by the review;
(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and
(e) Where no review was conducted during the year, an explanation why not.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	
Issues[6]	
Findings[7]	
Examination Trends	

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

1) Preparation of an audit plan inclusive of a timeline and milestones;
2) Conduct of examination based on the plan;
3) Evaluation of the progress in the implementation of the plan;
4) Documentation of issues and findings as a result of the examination;
5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	**Implementation**

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	**Financial Analysts**	**Investment Banks**	**Rating Agencies**

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

[6] "Issues" are compliance matters that arise from adopting different interpretations.
[7] "Findings" are those with concrete basis under the company's policies and rules.

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	**Activities**
Customers' welfare		
Supplier/contractor selection practice		
Environmentally friendly value-chain		
Community interaction		
Anti-corruption programmes and procedures?		
Safeguarding creditors' rights		

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?

(b) Show data relating to health, safety and welfare of its employees.

(c) State the company's training and development programmes for its employees. Show the data.

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock

TOTAL			

2) Does the Annual Report disclose the following:

Key risks	
Corporate objectives	
Financial performance indicators	
Non-financial performance indicators	
Dividend policy	
Details of whistle-blowing policy	
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	
Training and/or continuing education programme attended by each director/commissioner	
Number of board of directors/commissioners meetings held during the year	
Attendance details of each director/commissioner in respect of meetings held	
Details of remuneration of the CEO and each member of the board of directors/commissioners	

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

5) Date of release of audited financial report:

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	
Financial statements/reports (current and prior years)	
Materials provided in briefings to analysts and media	
Shareholding structure	
Group corporate structure	
Downloadable annual report	
Notice of AGM and/or EGM	
Company's constitution (company's by-laws, memorandum and articles of association)	

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) **Disclosure of RPT**

RPT	Relationship	Nature	Value

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	
Description	

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	**Stockholders' Rights not in The Corporation Code**

Dividends

Declaration Date	Record Date	Payment Date

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	**Communication Procedure**

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
   a. Amendments to the company's constitution
   b. Authorization of additional shares
   c. Transfer of all or substantially all assets, which in effect results in the sale of the company

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

   a. Date of sending out notices:

   b. Date of the Annual/Special Stockholders' Meeting:

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions: ____________________________________

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	**Reason for Modification**

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	**Names of Board members / Officers present**	**Date of Meeting**	**Voting Procedure (by poll, show of hands, etc.)**	**% of SH Attending in Person**	**% of SH in Proxy**	**Total % of SH attendance**
Annual						
Special						

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	
Notary	
Submission of Proxy	
Several Proxies	
Validity of Proxy	
Proxies executed abroad	
Invalidated Proxy	
Validation of Proxy	
Violation of Proxy	

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	
State whether CD format or hard copies were distributed	
If yes, indicate whether requesting stockholders were provided hard copies	

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	
The auditors to be appointed or re-appointed.	
An explanation of the dividend policy, if any dividend is to be declared.	
The amount payable for final dividends.	
Documents required for proxy vote.	

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation

(b) Do minority stockholders have a right to nominate candidates for board of directors?

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	
(2) Principles	
(3) Modes of Communications	
(4) Investors Relations Officer	

3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

L. **CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors		
Board Committees		
Individual Directors		
CEO/President		

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on April 15, 2015.

SIGNATURES

ROBERTO V. SAN JOSE **Chairman of the Board**	**ESTEBAN G. PEÑA SY** **Chief Executive Officer**
RODRIGO B. SUPEÑA **Independent Director**	**STEVEN CESAR G. VIRATA** **Independent Director**
ARACELI C. MOLINA **Compliance Officer**	