

MABUHAY
HOLDINGS CORPORATION

April 12, 2017

THE PHILIPPINE STOCK EXCHANGE, INC.

4/F Philippine Stock Exchange Center
Exchange Road, Ortigas Center, Pasig City

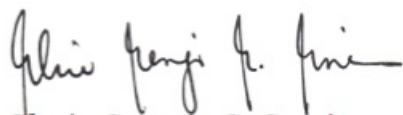
Attention: **MR. JOSE VALERIANO B. ZUÑO III**
Head, Disclosure Department

Subject: **MABUHAY HOLDINGS CORPORATION**
Annual Report ending December 31, 2016

Gentlemen:

We submit herewith a copy of the Annual Report for the year ended December 31, 2016 (SEC Form 17-A) of MABUHAY HOLDINGS CORPORATION with the attached Audited Consolidated Financial Statements for the years ended December 31, 2016 and 2015.

Very truly yours,



Gloria Georgia G. Garcia
Treasurer and Corporate Compliance Officer

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COMPANY INFORMATION

mabuhayholdings@yahoo.com

750-2000

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CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

GLORIA GEORGIA G. GARCIA

ghiegarcia71@yahoo.com

750-2000

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CONTACT PERSON's ADDRESS	
NAME	
ADDRESS	
CITY	
STATE	
ZIP	
PHONE	
FAX	
EMAIL	
WEBSITE	

35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City

Note 2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

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, 2016**
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 769,821,804
 - Shares held by non-affiliates 430,178,196
 - Market price as of December 31, 2016 0.48
 - Aggregate market value of voting stock held by non-affiliates **P206,485,534**

Fiscal Year 2016 Form 17-A

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1 – Business

Mabuhay Holdings Corporation (hereafter referred to as “Registrant” or “MHC” or “Company”) was incorporated on April 06, 1988. It is a holding company principally engaged in the acquisition and disposition of investments in securities, stocks, real and personal properties, and of any kind of properties and of investments in other entities.

It was incorporated with an authorized capital of 200 million shares at a par value of P1 per share. It was listed at both the Makati and Manila stock exchanges in 1990. The Articles of Incorporation were amended in 1994 to increase authorized capital to 4 billion shares at P1 par value per share. Currently, capital stock issued and subscribed total 1.2 billion shares, of which around 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 21, 2016.

As of December 31, 2016, 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). The company has three ongoing residential subdivision projects, namely 1) Sunshine Fiesta Subdivision, 2) Fiesta Casitas Subdivision, and 3) Casas Aurora. The mid-rise condominium project is put on hold while funding is finalized.

Sunshine Fiesta Subdivision is a joint venture development project between the Company and Dreamhauz Management & Development Corporation, with the latter responsible for the land development and house construction.

Fiesta Casitas Subdivision is also a residential subdivision located in the same area where Sunshine Fiesta is situated. This project is a joint development agreement with Dell Equipment & Construction Corporation, who is responsible for the land development and house construction. It has 1,015 house and lot units, with 123 units assigned to the Company.

Casas Aurora is a residential project located within the 30-hectare Sunshine Fiesta Project and is considered Phase III, after Sunshine Fiesta and Fiesta Casitas. This is the first project of the company that it is implementing on its own. It has contracted Dell Equipment & Construction Corporation to do the land development, which includes road construction, drainage, utilities and amenities. For the house construction, it has contracted VG Pineda Construction Corporation.

IRC Properties, Inc. has completed negotiations with a key real estate industry player to develop a huge portion of its Binangonan property thru purchase, into a mixed-use township project. Once started, 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. As of December 31, 2016, it has a 24.34% stake in IRC Properties, Inc. (formerly Interport Resources Corporation).

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

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

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

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

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

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

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

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

6. **The Angeles Corporation (TAC) (38.46%-owned by the Registrant)**
The Angeles Corporation is an investment company incorporated on October 14, 1994. Most of its assets are invested in shares of the Prosperity Taxi Cab Corporation (PTCC), which the Company sold to a third party in 2009.
7. **Mindanao Appreciation Corporation (MAC) (28.51%-owned by the Registrant)**
Mindanao Appreciation Corporation is an investment Company, incorporated and registered with the SEC on November 21, 1991. Most of its assets are invested in shares of Mabuhay Holdings Corporation and The Taal Company, Inc.
- B. **FOREIGN SALES.**
Not applicable to the Registrant
- C. **COMPETITIVE BUSINESS CONDITION/COMPETITIVE POSITION IN THE INDUSTRY.**
The competitiveness of the Registrant, given the nature of its business, is defined by the diversity of its interests. Most of the Registrant's business interests are concentrated in the real estate property business. The Tagaytay Properties & Holdings Corporation, The Taal Co., Inc., and IRC Properties, Inc. each hold an inventory of real properties in strategic locations like Tagaytay City, Batangas, Cavite, and Binangonan. The aggregate landholdings of the Registrant's investees easily run to 2,219 hectares, many of which are in prime locations.
- D. **DEPENDENCE ON A FEW CUSTOMERS.** This disclosure is currently not applicable to the Registrant's business and concerns.
- E. **TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES.**
The Registrant's transactions with its subsidiaries and affiliates mainly consist of the granting of advances to /from them. The Registrant exercises control and management over some of its investees.
- F. **NEED FOR GOVERNMENTAL APPROVAL OF PRODUCTS AND SERVICES.**
Aside from being regulated by the PSE and the SEC, the Registrant generally is not subject to any other specific government regulation.
- G. **EFFECT OF EXISTING OR PROBABLE GOVERNMENTAL REGULATIONS TO THE BUSINESS.** This disclosure is currently not applicable to the Registrant's business and concerns.
- H. **ESTIMATE OF AMOUNT SPENT FOR RESEARCH AND DEVELOPMENT ACTIVITIES.** This disclosure is currently not applicable to the Registrant's business and concerns.
- I. **COSTS AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS.**
This disclosure is currently not applicable to the Registrant's business and concerns.

- J. **TOTAL NUMBER OF EMPLOYEES AND NUMBER OF FULL TIME EMPLOYEES.** As of December 31, 2016, The Registrant has 8 employees, all rendering administrative services. Of the Company's 8 employees, 6 render support services: 2 for accounting/bookkeeping work and 4 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. Rental revenues from this property amounted to P7.15M in 2016 as reflected in the Consolidated Statements of Total Comprehensive Income, Notes 7 and 16 of the Consolidated Financial Statements as of and for the year ended December 31, 2016, 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 20 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 2016. The last meeting of the Registrant's stockholders was the annual stockholders' meeting, which was held on July 21, 2016. In that meeting, the stockholders elected the directors for 2017. 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, 2016, MHC has received P194.7 million as deposits for future stock subscription. Although these deposits were intended for capital subscription, they were presented as liability in the Statement of Financial Position for the purpose of complying with SEC rule 68-D.

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

Stock Prices. The shares of MHC traded along the following bands during 2016 and 2015:

	2016		2015	
	High	Low	High	Low
First Quarter	0.55	0.475	0.70	0.59
Second Quarter	0.51	0.45	0.69	0.61
Third Quarter	0.60	0.47	0.63	0.52
Fourth Quarter	0.485	0.45	0.57	0.45

The listed price of MHC shares as of end of first quarter of 2017 is P0.40, with a high of P0.445 and a low of P0.40.

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, 2016 total two hundred six (203) in number, broken down as follows:

<u>Citizen</u>	<u>No. of Shares</u>	<u>Percentage</u>	<u>No. of Holders</u>
Filipino	884,777,850	73.73%	191
American	908,000	0.08%	7
Chinese	105,050	0.01%	2
Other Alien	314,209,100	26.18%	3
	1,200,000,000	100.00%	203

Top 20 Stockholders as at December 31, 2016 all holding Common Stock:

<u>Rank</u>	<u>Name of Stockholder</u>	<u>No. of Shares Held</u>	<u>Percentage</u>
1	PCD Nominee Corporation (PH)	370,923,998	30.91%
2	Prokey Investments Ltd.	351,289,763	29.27%
3	PCD Nominee Corporation (OA)	314,209,000	26.18%
4	Guoco Securities (Phils.), Inc.	123,192,131	10.27%
5	Papa Securities Corporation	13,550,000	1.13%
6	Mindanao Appreciation Corp.	10,183,000	0.85%
7	Avesco Marketing	1,600,000	0.13%
8	Four Treasures Development Corp.	1,200,000	0.10%
9	Yan, Lucio W.	1,000,000	0.08%
10	Prosperity Taxi Cab Corp.	1,000,000	0.08%
11	International Polymer Corp.	900,000	0.08%
12	Century Sports Phils., Inc.	812,000	0.07%
13	Zosa, Rolando M.	800,000	0.07%
14	Uy, Samson	700,000	0.06%
15	Mendoza, Alberto &/or Jeanie Mendoza	650,000	0.05%
16	Sy, Siliman	546,000	0.05%
17	Sickling II, Herbert William	500,000	0.04%
18	South China Holdings	432,000	0.04%
19	Dyhongpo, Carlos	330,000	0.03%
20	Dyhongpo, Vivian	300,000	0.03%

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

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

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

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

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

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

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

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

Apart from supporting IRC Properties, Inc.’s projects, the Group does not anticipate heavy requirement for working capital in 2017.

2016

Results of Financial Operations

A comparative review of the Registrant’s financial operations for the period ended **December 31, 2016** vis-à-vis the same period last year showed the following:

Total revenues decreased by P13.97M or 16.9% mainly due to net effect of recovery of impairment losses on investment in an associate and decrease in Gain on fair value change in investment property. Total operating expenses increased by P0.6M or 3.7% mainly due to increase in salaries and employee benefits and professional fees. Finance cost decreased by P14.7M or 34% due to decrease in loan balances after repayment.

Share in net earnings of IRC Properties, an associate increased by P11.5M or 120.5% due to a higher 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 (December 2016 vs. December 2015)

Cash

Increase of P18.4M or 157.05% mainly due to collection of receivables.

Financial assets at fair value through profit or loss

Increase of P0.36M or 19.1% due to increase in fair value of securities.

Notes and other receivables

Decrease of P217.6M or 56.5% mainly due to receipt of payments of IRC Properties, Inc.

Prepayments

Decrease of P0.183M or 11.7% mainly due to application of prepaid taxes to income tax payable.

Investment in an associate

Please refer to Note 5 of the Notes to the Consolidated Financial Statements.

Property and equipment, net

Decrease of P1.6M or 37.5% mainly due to depreciation.

Investment properties

Increase of P17.6M or 5.8% due to gain on fair value.

Other non-current assets

Decrease of P.60M or 80.4% mainly due to adjustment on deferred tax asset of Mindanao Appreciation Corporation, a subsidiary.

Borrowings

Decrease of P160.98M or 54.3% due to payments made.

Accounts payable and other current liabilities

Decrease of P15.5M or 29.6% largely due to payment of accrued interest and foreign exchange adjustments.

Deferred income tax liabilities, net

Increase of P3.1M or 3.8% due to unrealized gain on fair value change in investment property.

Key Performance and Financial Soundness Indicators
Definition of Ratios

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

(%)	<u>Dec. 31, 2016*</u>	<u>Dec. 31, 2015*</u>	<u>Dec. 31, 2014*</u>
Net Profit Ratio	84.83	28.03	89.58
Return on Assets	3.54	1.32	4.47
Return on equity	5.14	2.15	7.37
Current ratio	46.77	66.60	72.67
Acid test	7.52	2.26	2.78
Debt to equity	45.30	63.33	65.06
Debt to assets	31.18	38.78	39.41
Asset to equity	145.30	163.33	165.06
Interest coverage	320.38	222.19	295.15
Earnings (loss) per share	0.0481	(.00750)	.04892

*Audited

2015

Results of Financial Operations

A comparative review of the Registrant's financial operations for the year ended **December 31, 2015** vis-à-vis the same period of the previous year showed the following:

Total revenues decreased by P4.0M or 4.6% mainly due to decrease in Gain on fair value change in investment property and Gain on disposal of assets offsetted by increase in Rental income. Total operating expenses increased by P1.4M or 9.2% mainly due to Loss on disposal of assets. Finance cost increased by P19.3M or 554.7% due to increase in foreign exchange loss.

Share in net earnings of IRC Properties, an associate decreased by P7.9M or 45.3% 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 (December 2015 vs. December 2014)

Cash

Decrease of P3.8M or 24.4% mainly due to payment of loans.

Financial assets at fair value through profit or loss

Decrease of P.19M or 8.9% due to decrease in fair value of securities.

Notes and other receivables

Decrease of P55.7M or 12.6% mainly due to receipt of interest payments of IRC Properties, Inc.

Prepayments

Decrease of P.17M or 9.8% mainly due to application of prepaid taxes to income tax payable.

Investment in an associate

Please refer to Note 7 of the Notes to the Consolidated Financial Statements.

Property and equipment, net

Decrease of P1.69M or 21% mainly due to depreciation.

Investment properties

Increase of P71.4M or 30.8% due to gain on fair value.

Other non-current assets

Increase of P.6M or 373% mainly due to the recognition of Deferred tax asset in Mindanao Appreciation Corporation, a subsidiary.

Borrowings

Decrease of P25.8M or 8.0% due to payment.

Accounts payable and other liabilities

Decrease of P6.8M or 11.6% largely due to payment of accrued interest and foreign exchange adjustments.

Deferred income tax liabilities, net

Increase of P28.8M or 54.8% due to unrealized gain on fair value change in investment property.

2014**Results of Financial Operations**

A comparative review of the Registrant's financial operations for the year ended December 31, 2014 vis-à-vis the same period of the previous 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 (December 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.

Item 7 – Financial Statements

The audited consolidated financial statements of the Registrant as of and for the year ended December 31, 2016, 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 statements of financial position, statements of total comprehensive 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
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(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, 2016 and 2015.

(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, 2016 and 2015. The fees for these services are included in the Audit and Audit-Related Fees mentioned above.

(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 and has been a member of the Board of Directors as early as 1991. 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 75 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 ten 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 70 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 73 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 59 years old.

Atty. Ana Maria Katigbak, Director and Assistant Corporate Secretary – She holds the position of Assistant Corporate Secretary since 1999. 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 48 years old.

Shinsuke Amiya, Director – After taking Bachelor of Law from Hitotsubashi University in Tokyo in 1981, he started the business career in the international finance division of Yamaichi Securities Co., Ltd. and joined the investment banking division of Morgan Stanley as an associate in 1986. In 1994, he started his career in Merrill Lynch Japan, where he worked as a Managing Director of financial institution group, Head of investment banking division, Chairman of Investment Banking Group, and the Vice Chairman of the Firm. In 2006, he was invited by shareholders of NIS Group to become the president of the company to restructure the company's business and financial structure. After leaving NIS Group where he had succeeded in 30 billion yen fundraising from private equity firm, he left the company and was elected as a member of the House of Representatives of Japan by national election. He was then promoted to the Parliamentary Secretary of Finance Minister of Japan in Noda Cabinet. He was also a member of Japan-Philippines Parliamentarians` Friendship League. In 2013, he started S.A.Consulting Inc. and also holds the post of a guest professor in Ryotokuji University. In 2016, he became the CEO of the Asia Development Capital Co. Ltd, a listed investment company in Japan. Mr. Amiya, a Japanese, is 58 years old.

Rodrigo B. Supeña, Independent Director - Mr. Rodrigo B. Supeña has been elected as Independent Director of the Company since March 31, 2009, and has served as such for more than 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 77 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 59 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 21, 2016.

INDEPENDENT DIRECTORS

In compliance with SRC Rule 38 which provides for the guidelines on the nomination and election of independent directors, a Nomination and Election 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. Gloria Georgia G. Garcia | - | Non-director member |

Under the Company's Manual of Corporate Governance, the members of the Nomination and Election 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 and Election 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.

Gloria Georgia G. Garcia, Corporate Treasurer & Chief Financial Officer – effective January 2017. A Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants, Ms. Garcia started her career with SGV & Co. Her work experience included more than three years as a junior auditor with the firm. Thereafter, she had few years in the recreation, gaming and hotel industries and more than twenty years in the real estate industry up to present. Ms. Garcia replaced Ms. Araceli Molina who retired effective December 31, 2016. Ms. Garcia, a Filipino, is 46 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

Compensation of Directors and Executive Officers

The annual compensation of the Company's Chief Executive Officer and three most highly compensated executive officers for the last two (2) fiscal years and the ensuing year 2017 (estimate) are as follows:

Name and Principal Position	Salary			Bonus	Other Annual Compensation
	2017 (Estimate)	2016	2015		
Roberto V. San Jose <i>Chairman of the Board</i>					
Esteban G. Peña Sy <i>President</i>					
Delfin P. Angcao <i>Corporate Secretary</i>					
Gloria Georgia G. Garcia <i>Treasurer</i>					

Aggregate compensation (all key officers and directors as a group)					
Note: Registrant has no other executive officers except those named above.	P4.7M	P4.78M	P4.48M	None	None

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

Executive officers employed by the Registrant, receiving fixed monthly salary (see table above) are Mr. Esteban G. Peña Sy and Ms. Gloria Georgia G. Garcia.

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

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, 2016:

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 6767 Ayala Avenue, Makati City	B. A. Securities *	Foreign	303,766,000	25.31
TOTAL				655,055,763	54.58

* 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

364,187,106 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, 2016:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership			Citizenship	Percent of Ownership
		Shares	Amount	Nature		
Common	Roberto V. San Jose Director/ Chairman of the Board	600	600	R & B	Filipino	0
Common	Esteban G. Peña Sy	353,299,813	353,299,813	R & B	Filipino	29.44
Common	Delfin P. Angcao Director/Corp. Secretary	691	691	R & B	Filipino	0
Common	Steven G. Virata Director	100	100	R	Filipino	0
Common	Rodrigo B. Supaña	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	Shinsuke Amiya	50	50	R	Japanese	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 15 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 SVP-Treasurer and Chief Financial Officer, Ms. Gloria Georgia G. Garcia, as Compliance Officer who is tasked with monitoring compliance with the provisions and requirements of the Company's Manual on Corporate Governance.

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

PART V -- EXHIBITS AND SCHEDULES

Item 14 – Exhibits and Reports on Form 17-C

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

B. Report on SEC Form 17-C

The following current reports have been reported by Mabuhay Holdings Corporation during the year 2016 through official disclosure letters dated:

Date	Disclosures
July 22, 2016	Results of Organizational Meeting of Board of Directors
	Election of Officers and Corporate Governance Committee Members
September 21, 2016	Change in Stock Transfer Agent

C. Reports under SEC Form 17-C as amended (during the last 6 months):

Date	Disclosures
February 15, 2016	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)
June 27, 2016	Notice of Annual or Special Stockholders' Meeting
July 22, 2016	Results of Annual or Special Stockholders' Meeting
	Election of Directors for the term 2016-2017
	Appointment of Isla Lipana & Co. as external auditors

MABUHAY HOLDINGS CORPORATION

INDEX TO EXHIBITS **SEC FORM 17-A**

Plan of Acquisition, Reorganization, Arrangements, Liquidation or Succession	*
Instruments Defining the Rights of Security Holders, Including Indentures	*
Voting Trust Agreement	*
Material Contracts	*
Annual Report of Security Holders, Form 17-Q or Quarterly Report to Security Holders	*
Report Furnished to Security Holders	*
Subsidiary of the Registrant	Page 24
Published Report Regarding Matters Submitted to Vote of Security Holders	*
Consents of Experts and Independent Counsel	*
Power of Attorney	*
Additional Exhibits	*

* Either not applicable to the Company or requires no answer

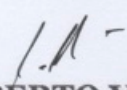
SIGNATURES

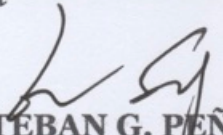
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on its behalf by the issuer by the undersigned, thereunto duly authorized, in the City of Makati, on April 10, 2017.

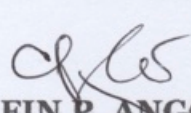
MABUHAY HOLDINGS CORPORATION **Issuer**

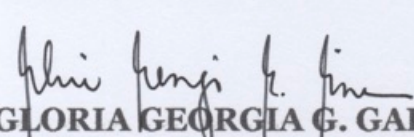
Pursuant to the requirements of the Securities Regulation Code, this annual report has been signed by the following persons in the capacities and on the dates indicated:

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


GLORIA GEORGIA G. GARCIA
Treasurer

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY)

SUBSCRIBED AND SWORN TO before me, a Notary Public, for and in Makati City, this APR 10 2017 day of April 2017, affiants exhibiting to me their Community Tax Certificates/Passports/Driver's License, 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
Gloria Georgia G. Garcia	EC0489004	March 5, 2014	DFA NCR East

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Page No. 76
Book No. 71X
Series of 2017.

ATTY. GERVASIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2018
IBP No. 656156-Lifetime Member
MCLE Compliance No. V-0006934
Appointment No. M-104 (2017-2018)
PTR No. 5909514 Jan. 3, 2017
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

SUBSIDIARIES OF THE REGISTRANT

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

A. Wholly-owned subsidiaries

T & M Holdings, Incorporated
M & M Holdings Corporation

B. Others

<u>Subsidiary</u>	<u>Ownership</u>
The Taal Company, Incorporated (TTCI)	29.97
Tagaytay Properties and Holdings Corporation	26.04
Mindanao Appreciation Corporation	28.51
The Angeles Corporation	38.46
IRC Properties, Inc.	33.04 (direct and indirect thru T&M Holdings Inc.)

MABUHAY
HOLDINGS CORPORATION

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

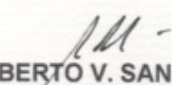
The management of **MABUHAY HOLDINGS CORPORATION and Subsidiaries** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2016 and 2015**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud of error.

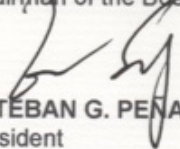
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

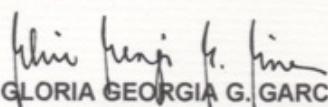
The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

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


ROBERTO V. SAN JOSE
Chairman of the Board


ESTEBAN G. PEÑA SY
President


GLORIA GEORGIA G. GARCIA
Chief Financial Officer

Signed this 28th day of March 2017.

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REPUBLIC OF THE PHILIPPINES)
MAKATI CITY)

SUBSCRIBED AND SWORN TO before me, a Notary Public, for and in Makati City, this 3rd day of April 2017, 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
Gloria Georgia G. Garcia	EC0489004	March 05, 2014	DFANCR East

Doc. No. 766
Page No. 75
Book No. XIX
Series of 2017

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2018
IBP No. 656155/Lifetime Member
MCLE Compliance No. V-0006934
Appointment No. M-104-(2017-2018)
PTR No. 5909514 Jan 3, 2017
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio del Pilar, Makati City

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Isla Lipana & Co.

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

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Mabuhay Holdings Corporation (the "Parent Company") and its subsidiaries (together, the "Group") as at December 31, 2016 and 2015, and the consolidated financial performance and consolidated cash flows for each of the three years in the period ended December 31, 2016 in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2016 and 2015;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2016;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2016;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2016; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 845 2728, F: +63 (2) 845 2806, www.pwc.com/ph



pwc

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

Isla Lipana & Co.

We tailored the scope of our audits in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is as follows:

Key Audit Matter	How our audit addressed the Key Audit Matter
Estimation of fair value of investment properties Refer to Note 7 to the consolidated financial statements for the details of the investment properties and Note 24.1 for discussion on critical accounting estimates and assumptions. This is an area of focus mainly due to the materiality of the account and volatility in the market. As at December 31, 2016, total investment properties, carried at fair value, amounts to P320.45 million. An annual fair value assessment is performed based on the requirements of PFRS 13, Fair Value Measurement, and Philippine Accounting Standards (PAS) 40, Investment Property. In 2016, the Group recognized a fair value gain amounting to P17.60 million. This is based on the report prepared by an independent appraiser using the market approach. This approach uses sales and listing of comparable properties registered within the vicinity premised on the factors of time, unit area or size, unit location, unit improvements, building location, building features or amenities, bargaining allowance, and others.	We addressed the matter by obtaining the appraisal report and reviewed the appropriateness of the method and reasonableness of the significant assumptions and estimates used in calculating the fair value. In particular, comfort over the reliability of the appraiser report was obtained through independent verification of certain fair value assumptions (i.e., similar market listing in the area) over the Group's properties. We evaluated competence, capabilities and objectivity of the independent appraiser engaged by the Group by reviewing his profile, licenses and client portfolio. The current year adjustment was discussed and cleared with management and Audit Committee. We did not note any significant issues in our review of management's estimate of fair value of investment properties.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Mabuhay Holdings Corporation
Page 3

Isla Lipana & Co.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the ability of each entity within the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Mabuhay Holdings Corporation
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As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each entity within the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an entity within the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Isla Lipana & Co.

Independent Auditor's Report
To the Board of Directors and Shareholders of
Mabuhay Holdings Corporation
Page 5

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is
Imelda Ronnie de Guzman-Castro.

Isla Lipana & Co.

A handwritten signature in black ink, reading "Imelda Ronnie de Guzman-Castro".

Imelda Ronnie de Guzman-Castro

Partner

CPA Cert. No. 89352

P.T.R. No. 0011287; issued on January 6, 2017 at Makati City

SEC A.N. (individual) as general auditors 0410-AR-3, Category A; effective until February 2, 2019

SEC A.N. (firm) as general auditors 0009-FR-4; Category A; effective until July 15, 2018

T.I.N. 152-015-095

BIR A.N. 08-000745-44-2015; issued on December 8, 2015; effective until December 7, 2018

BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City
March 28, 2017



Isla Lipana & Co.

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

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

We have audited the consolidated financial statements of Mabuhay Holdings Corporation and its subsidiaries as at and for the year ended December 31, 2016, on which we have rendered the attached report dated March 28, 2017. The supplementary information shown in the Map of the Group of Companies within which the Reporting Entity Belongs, the Schedule of Philippine Financial Reporting Standards effective as at December 31, 2016 and the Reconciliation of Retained Earnings Available for Dividend Declaration, as additional components required by Part I, Section 4 of Rule 68 of the Securities Regulation Code, and Schedules A, B, C, D, E, F, G, and H, as required by Part II, Section 6 of Rule 68 of the Securities Regulation Code, are presented for purposes of filing with the Securities and Exchange Commission and are not a required part of the basic consolidated financial statements. Such supplementary information are the responsibility of management and have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information have been prepared in accordance with Rule 68 of the Securities Regulation Code.

Isla Lipana & Co.

Imelda Ronnie de Guzman-Castro

Partner

CPA Cert. No. 89352

P.T.R. No. 0011287; issued on January 6, 2017 at Makati City

SEC A.N. (individual) as general auditors 0410-AR-3, Category A; effective until February 2, 2019

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Makati City
March 28, 2017

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Mabuhay Holdings Corporation and Subsidiaries

Consolidated Statements of Financial Position
As at December 31, 2016 and 2015
(All amounts in Philippine Peso)



	Notes	2016	2015
<u>ASSETS</u>			
Current assets			
Cash	2	30,049,875	11,690,375
Financial assets at fair value through profit or loss	3	2,268,490	1,905,389
Notes and other receivables, net	4	167,236,299	384,793,108
Prepayments and other current assets		1,385,234	1,568,264
Total current assets		200,939,898	399,957,136
Non-current assets			
Investment in an associate	5	1,124,790,780	1,050,521,973
Property and equipment, net	6	2,681,055	4,285,997
Investment properties	7	320,453,000	302,858,000
Other non-current assets		146,942	750,432
Total non-current assets		1,448,071,777	1,358,416,402
Total assets		1,649,011,675	1,758,373,538
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Accounts payable and other current liabilities	9	36,701,799	52,164,208
Borrowings	8	135,627,442	296,605,830
Advances from related parties	15	14,915,116	9,294,916
Provision for litigation claims	20	47,770,052	47,770,052
Deposits for future share subscriptions	10	194,695,274	194,695,274
Total current liabilities		429,709,683	600,530,280
Non-current liability			
Deferred income tax liabilities, net	13	84,416,394	81,294,552
Total liabilities		514,126,077	681,824,832
Equity			
Attributable to shareholders of the Parent Company			
Share capital	11	975,534,053	975,534,053
Treasury shares	11	(58,627,864)	(58,627,864)
Retained earnings		83,829,881	36,931,827
		1,000,736,070	953,838,016
Non-controlling interest		134,149,528	122,710,690
Total equity		1,134,885,598	1,076,548,706
Total liabilities and equity		1,649,011,675	1,758,373,538

The notes on pages 1 to 40 are 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, 2016
(All amounts in Philippine Peso)

	Notes	2016	2015	2014
Income				
Recovery of impairment losses on investment in an associate	5	37,857,178	-	-
Gain on fair value change in investment properties	7	17,595,000	75,736,000	77,099,000
Rental income	7	7,154,721	7,015,271	6,112,049
Reversal of allowance for impairment loss	4	5,436,501	-	-
Unrealized gain on revaluation of securities	3	609,101	-	177,716
Gain on disposal of assets	18	62,395	-	3,009,326
Others		69,767	-	316,675
		68,784,663	82,751,271	86,714,766
Expenses				
Salaries and employee benefits	17	(5,904,050)	(3,867,492)	(3,277,054)
Professional fees		(2,316,503)	(2,004,178)	(3,421,195)
Depreciation and amortization	6	(1,690,384)	(1,739,448)	(2,253,752)
Loss on disposal of assets	18	-	(2,300,307)	-
Unrealized loss on revaluation of securities	3	-	(186,211)	-
Other expenses	12	(7,246,860)	(6,443,200)	(6,194,321)
		(17,157,797)	(16,540,836)	(15,146,322)
Income from operations		51,626,866	66,210,435	71,568,444
Finance income (cost)				
Interest income	2,4	27,721,962	42,303,755	42,067,461
Foreign exchange loss, net	19	(8,583,804)	(21,661,690)	(1,711,503)
Interest expense	8	(28,644,237)	(43,376,275)	(43,828,587)
		(9,506,079)	(22,734,210)	(3,472,629)
Share in net earnings of an associate	5	21,006,048	9,527,010	17,435,258
Income before income tax		63,126,835	53,003,235	85,531,073
Provision for income tax	13	(4,780,057)	(29,808,565)	(7,848,149)
Net income for the year		58,346,778	23,194,670	77,682,924
Other comprehensive loss				
Item that will be subsequently reclassified to profit or loss				
Fair value loss on available-for-sale financial assets		(6,789)	(4,938)	-
Item that will not be subsequently reclassified to profit or loss				
Share in other comprehensive loss of an associate	5	(3,097)	-	-
		(9,886)	(4,938)	-
Total comprehensive income for the year		58,336,892	23,189,732	77,682,924
Basic and diluted earnings (loss) per share attributable to shareholders of the Parent Company	14	0.0481	(0.00750)	0.04892
Net income (loss) attributable to:				
Shareholders of the Parent Company		46,901,151	(7,313,787)	47,727,432
Non-controlling interest		11,445,627	30,508,457	29,955,492
		58,346,778	23,194,670	77,682,924
Total comprehensive income (loss) attributable to:				
Shareholders of the Parent Company		46,898,054	(7,313,787)	47,727,432
Non-controlling interest		11,438,838	30,503,519	29,955,492
		58,336,892	23,189,732	77,682,924

The notes on pages 1 to 40 are 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, 2016
(All amounts in Philippine Peso)

	Shareholders of the Parent Company			Non-controlling interest	Total
	Share capital (Note 11)	Treasury shares (Note 11)	Retained earnings		
Balances at January 1, 2014	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 loss for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	47,727,432	29,955,492	77,682,924
Transaction with shareholders					
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
Comprehensive income (loss)					
Net income (loss) for the year	-	-	(7,313,787)	30,508,457	23,194,670
Other comprehensive loss for the year	-	-	-	(4,938)	(4,938)
Total comprehensive income (loss) for the year	-	-	(7,313,787)	30,503,519	23,189,732
Balances at December 31, 2015	975,534,053	(58,627,864)	36,931,827	122,710,690	1,076,548,706
Comprehensive income (loss)					
Net income for the year	-	-	46,901,151	11,445,627	58,346,778
Other comprehensive loss for the year	-	-	(3,097)	(6,789)	(9,886)
Total comprehensive income for the year	-	-	46,898,054	11,438,838	58,336,892
Balances at December 31, 2016	975,534,053	(58,627,864)	83,829,881	134,149,528	1,134,885,598

The notes on pages 1 to 39 are 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, 2016 (All amounts in Philippine Peso)

	Notes	2016	2015	2014
Cash flows from operating activities				
Income before income tax		63,126,835	53,003,235	85,531,073
Adjustments for:				
Recovery of impairment losses on investment in an	5	(37,857,178)	-	-
Interest income	2,4	(27,721,962)	(42,303,755)	(42,067,461)
Share in net earnings of an associate	5	(21,006,048)	(9,527,010)	(17,435,258)
Gain on fair value change in investment properties	7	(17,595,000)	(75,736,000)	(77,099,000)
Reversal of allowance for impairment loss	4	(5,436,501)	-	-
Unrealized loss (gain) on securities	3	(609,101)	186,211	(177,716)
Loss (gain) on disposal of assets	18	(62,395)	2,300,307	(3,009,326)
Write-off of prepaid tax	12	528,474	-	-
Depreciation and amortization	6	1,690,384	1,739,448	2,253,752
Unrealized foreign exchange loss	19	9,037,062	17,821,824	1,433,698
Interest expense	8	28,644,237	43,376,275	43,828,587
Operating loss before working capital changes		(7,261,193)	(9,139,465)	(6,741,651)
Decrease (increase) in:				
Notes and other receivables		284,349	(1,472,968)	(4,187,185)
Prepayments and other current assets		(345,444)	171,007	180,934
Other non-current assets		(5)	(596,707)	(6,171)
Increase (decrease) in:				
Accounts payable and other current liabilities		(7,995,484)	753,850	(18,014,090)
Advances from related parties		5,620,200	377,228	(2,306,559)
Cash absorbed by operations		(9,697,577)	(9,907,055)	(31,074,722)
Interest received	2,4	142,554,401	99,487,509	9,846,276
Collection of notes receivable	4	107,876,522	-	-
Income taxes paid		(1,248,096)	(593,421)	(155,360)
Net cash provided by (used in) operating activities		239,485,250	88,987,033	(21,383,806)
Cash flows from investing activities				
Proceeds from disposal of securities	3	308,395	-	-
Proceeds from disposal of investment properties	7	-	2,000,000	-
Proceeds from disposal of shares of stock of an	5	-		11,786,956
Acquisitions of property and equipment	6	(85,442)	(53,537)	(21,429)
Additional investment in associate	5	(15,408,678)	-	(4,783,346)
Net cash provided by (used in) investing activities		(15,185,725)	2,228,156	6,982,181
Cash flows from financing activities				
Interest paid		(32,587,466)	(53,988,865)	(15,658,913)
Collection of subscriptions receivable	11	-	-	20,500,000
Payment of borrowings	8	(173,015,388)	(41,016,858)	-
Net cash provided by (used in) financing activities		(205,602,854)	(95,005,723)	4,841,087
Net increase (decrease) in cash		18,696,671	(3,790,534)	(9,560,538)
Cash at January 1		11,690,375	15,474,363	25,034,901
Effect of exchange rates on cash		(337,171)	6,546	-
Cash at December 31	2	30,049,875	11,690,375	15,474,363

The notes on pages 1 to 39 are integral part of these financial statements.

Mabuhay Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements

As at December 31, 2016 and 2015 and

for each of the three years in the period ended December 31, 2016

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

Note 1 - General information

Mabuhay Holdings Corporation (the 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 Parent Company is considered a public company under Rule 3.1 of the Implementing Rules and Regulations of the Securities Regulation Code when it listed its shares in the PSE in 1990.

The Parent Company and its subsidiaries (the "Group") have no significant commercial operations as at December 31, 2016 and 2015. The subsidiaries' operations consist mainly of preservation and maintenance of existing investment properties.

The Parent Company's main focus is to support the ongoing property developments of its associate, IRC Properties, Inc. (IRC) (Note 5), in relation to IRC's agreement with a third party for the development of a portion of a large property in Binangonan, Rizal. IRC owns more than 2,000 hectares of land in Binangonan, Rizal.

In 2015, IRC entered into a joint development agreement with a third party to clear and develop social housing units of total land area of 3.93 hectares.

On May 19, 2016, IRC signed a sales agreement with a leading local real estate developer to acquire a portion of the 2,200-hectare Binangonan lot with total contract price of P24.97 million. The Parent Company believes that the entry of this leading local real estate developer will jumpstart the development of a new mixed-use community south of Metro Manila.

As at December 31, 2016, a total of 165.07 hectares (2015 - 163.34 hectares) are ready for immediate development.

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

The Parent Company has 9 employees as at December 31, 2016 (2015 - 8).

The consolidated financial statements have been approved and authorized for issue by the Parent Company's Board of Directors on March 28, 2017.

Note 2 - Cash

Cash as at December 31 consist of:

	2016	2015
Cash on hand	15,000	15,000
Cash in banks	30,034,875	11,675,375
	30,049,875	11,690,375

Cash in bank earns interest at the prevailing bank deposit rates. Interest income from cash in bank for the year ended December 31, 2016 amounted to P109,464 (2015 - P446,051; 2014 - P12,523).

The carrying values of cash in banks represent maximum exposure to credit risk.

Note 3 - Financial assets at fair value through profit or loss

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

	2016	2015
Balance at January 1	1,905,389	2,091,600
Disposals	(246,000)	-
Gain (loss) on fair value change	609,101	(186,211)
Balance at December 31	2,268,490	1,905,389

These financial assets at fair value through profit or loss comprise listed equity shares with fair value based on current bid prices in an active market (Level 1 valuation).

In 2016, the Parent Company sold listed equity shares with fair value of P246,000 for P308,395 resulting in a gain of P62,395 from disposal of securities (Note 18).

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

Note 4 - Notes and other receivables, net

Notes and other receivables as at December 31 consist of:

	Note	2016	2015
Notes and interest receivables	15	161,907,638	384,616,599
Advances and other receivables		4,665,318	5,011,668
Due from related parties	15	663,343	601,342
		167,236,299	390,229,609
Allowance for impairment loss		-	(5,436,501)
		167,236,299	384,793,108

Notes receivables represent loans granted to IRC (Note 15) without definite payment terms and bears annual interest rates ranging from 12% to 18%. The account also includes accrued interest receivable of P25.91 million (2015 - P140.75 million). Total interest income recognized from these loans amount to P27.61 million (2015 - P41.86 million; 2014 - P42.05 million). These loans are due and demandable at reporting dates.

In 2016, IRC paid off portion of the notes receivable and interest amounting to P250.32 million (2015 - P100.94 million) of which P107.88 million (2015 - nil) pertains to payment of principal (Note 15).

Movements in principal amount of notes receivable for the years ended December 31 are as follows:

	Note	2016	2015
Balance at January 1		243,869,900	242,369,900
Issuance of new principal amount		-	1,500,000
Receipt of principal amount		(107,876,522)	-
Balance at December 31	15	135,993,378	243,869,900

Movements in accrued interest receivable for the years ended December 31 are as follows:

	Note	2016	2015
Balance at January 1		140,746,699	199,830,611
Interest income		27,612,498	41,857,704
Interest received		(142,444,937)	(100,941,616)
Balance at December 31	15	25,914,260	140,746,699

Due to the collection in 2016, the allowance for impairment loss on the loans was reversed since management assessed that recovery of the full balance is probable. The recovery is also due to the re-assessment made by management resulting from the current development in IRC's operations as disclosed in Note 1.

Movements in allowance for impairment loss for the years ended December 31 are as follows:

	2016	2015
Balance at January 1	5,436,501	5,436,501
Reversal	(5,436,501)	-
Balance at December 31	-	5,436,501

Note 5 - Investment in an associate

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

	2016	2015
Acquisition cost		
Cost at January 1	607,590,574	607,812,574
Share acquisitions	15,408,678	-
Disposals	-	(222,000)
Balance at December 31	622,999,252	607,590,574
Accumulated share in net income		
Balance at January 1	639,493,696	629,966,686
Share in net earnings	21,006,048	9,527,010
Share in other comprehensive loss	(3,097)	-
Balance at December 31	660,496,647	639,493,696
Allowance for impairment loss		
Balance at January 1	(196,562,297)	(196,562,297)
Recovery for the year	37,857,178	-
Balance at December 31	(158,075,119)	(196,562,297)
Total	1,124,790,780	1,050,521,973

In 2015, the Group sold part of its investment in shares of stock of IRC which resulted in a gain of P60 thousand (2014 - P3.01 million) (Note 18). Proceeds from disposals of the investment amounted to P282 thousand in 2015 (2014 - P11.79 million).

In 2015, an increase in IRC's authorized share capital of 500,000,000 was approved by the SEC, which decreased the Group's effective ownership interest in IRC to 33.04%.

In 2016, the Group has purchased 9,799,000 shares amounting to P15,408,678. However, the new issuances of IRC shares resulted in a decrease in the Group's effective ownership interest in IRC to 28.44%.

In 2016, the Group recognized a recovery of impairment losses amounting to P37,857,178 on its investment in shares of stock of IRC due to the current development in IRC's operations as disclosed in Note 1.

The fair value of the Group's investment in shares of stock of IRC as at December 31, 2016 is P460.40 million (P1.22/share) (2015 - P420.80 million; P1.49/share).

The Group's investment in shares of stock of IRC is used as collateral for the Group's borrowings with a third party (Note 8).

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 are as follows:

	2016	2015
	(in millions of Peso)	
Total current assets	1,189	1,139
Total non-current assets	2,426	2,155
Total assets	3,615	3,294
Total current liabilities	(543)	(796)
Total non-current liabilities	(1,234)	(1,015)
Total liabilities	(1,777)	(1,811)
Net assets	1,838	1,483

	2016	2015	2014
	(in millions of Peso)		
Income	225	90	109
Expenses	(121)	(42)	(33)
Income before tax	104	48	76
Provision for income tax	(30)	(19)	(29)
Net income	74	29	47
Other comprehensive income	-	-	-
Total comprehensive income	74	29	47
Cash flows provided by (used in):			
Operating activities	(29)	(93)	(34)
Investing activities	(1)	-	1
Financing activities	45	56	76
Net cash inflow (outflow)	15	(37)	43

Note 6 - Property and equipment, net

Details and movements of property and equipment as at December 31 are as follows:

	Furniture and fixtures	Office equipmen t	Communi cation and other equipmen t	Office condomin ium	Transport ation equipmen t	Building improvm ents	Total
Cost							
Balances at January 1, 2015	1,662,116	1,022,898	836,798	13,746,305	3,794,643	3,859,242	24,922,002
Additions	-	53,537	-	-	-	-	53,537
Write-offs	-	(311,285)	(666,337)	-	-	-	(977,622)
Balances at December 31, 2015	1,662,116	765,150	170,461	13,746,305	3,794,643	3,859,242	23,997,917
Additions	-	85,442	-	-	-	-	85,442
Write-offs	-	(51,318)	(17)	-	-	-	(51,335)
Balances at December 31, 2016	1,662,116	799,274	170,444	13,746,305	3,794,643	3,859,242	24,032,024
Accumulated depreciation							
Balances at January 1, 2015	1,662,054	880,418	828,969	11,498,645	1,897,322	2,182,686	18,950,094
Depreciation	62	85,255	6,696	508,909	758,928	379,598	1,739,448
Write-offs	-	(311,285)	(666,337)	-	-	-	(977,622)
Balances at December 31, 2015	1,662,116	654,388	169,328	12,007,554	2,656,250	2,562,284	19,711,920
Depreciation	-	41,815	1,133	508,909	758,929	379,598	1,690,384
Write-offs	-	(51,318)	(17)	-	-	-	(51,335)
Balances at December 31, 2016	1,662,116	644,885	170,444	12,516,463	3,415,179	2,941,882	21,350,969
Net book values							
December 31, 2015	-	110,762	1,133	1,738,751	1,138,393	1,296,958	4,285,997
December 31, 2016	-	154,389	-	1,229,842	379,464	917,360	2,681,055

The amount of fully depreciated assets still in use amounted to P3.82 million (2015 - P3.84 million). Depreciation expense of P1.69 million (2015 - P1.74 million; 2014 - P2.25 million) is charged in operating expenses.

In 2016 and 2015, the Parent Company wrote-off fully depreciated assets that were no longer in use.

Note 7 - Investment properties

The Group's investment properties include several parcels of land and a condominium unit held for lease. Land includes properties of The Taal Company, Inc. (TTCI) and Tagaytay Properties and Holdings Corporation (TPHC), subsidiaries, held for appreciation purposes, including those in Batangas and Tagaytay City with a total land area of 29 hectares. The condominium unit, which is located in Makati with a total floor area of 675.95 square meters, is being leased out to third parties by the Parent Company.

The following amounts have been recognized in profit or loss:

	Note	2016	2015	2014
Rental income	16	7,154,721	7,015,271	6,112,049
Operating expenses arising from investment properties that generate rental income		(1,404,600)	(2,891,174)	(2,119,536)
		5,750,121	4,124,097	3,992,513

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

	2016	2015	2014
Balance at January 1	302,858,000	231,482,000	154,383,000
Disposal	-	(4,360,000)	-
Gain on fair value change	17,595,000	75,736,000	77,099,000
Balance at December 31	320,453,000	302,858,000	231,482,000

In 2015, the Group sold an investment property for P2.00 million and recognized a loss from disposal of P2.36 million (Note 18). The original costs of this investment property amounted to P896 thousand. There were no disposals of investment property in 2016 and 2014.

The fair value of an investment property is determined on the basis of appraisal made by the respective external appraiser duly certified by the management. Valuation methods employed by the appraisers mainly include the market approach (Note 25.10). As at December 31, 2016, the cumulative fair value gains amounted to P310.4 million (2015 - P292.8 million).

Note 8 - Borrowings

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

	Note	2016	2015
Third party		122,002,800	282,981,188
Related party	15	13,624,642	13,624,642
		135,627,442	296,605,830

In 2013, the Group entered into various loan agreements with a third party, Join Capital Limited (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 stock of IRC (Note 5). All other borrowings are unsecured, bear interest rates of 10% to 18% per annum and are payable on demand.

In 2016, the Group paid off a portion of the loans and interest to a third party amounting to P205.60 million (2015 - P95.01 million) of which P173.02 million (2015 - P41.02 million) pertains to payment of principal.

Interest expense incurred from these borrowings amounts to P28.64 million for the year ended December 31, 2016 (2015 - P43.38 million; 2014 - P43.83 million). There was no qualifying asset in 2016 and 2015.

Borrowings from third party are denominated in Hongkong Dollar and US Dollar. Borrowings from a related party are Peso-denominated.

Note 9 - Accounts payable and other current liabilities

Accounts payable and other current liabilities as at December 31 consist of:

	2016	2015
Accrued interest	27,926,125	29,543,963
Accounts payable and other accrued expenses	6,493,190	19,844,337
Others	2,282,484	2,775,908
	36,701,799	52,164,208

Accounts payable and other accrued expenses mainly consist of third party payables, customer deposits and accruals on employee benefits, professional and legal fees totaling P5.4 million (2015 - P9.7 million).

Others pertain mainly to accruals on utilities and other recurring expenses.

Note 10 - Deposits for future share subscriptions

In 1997, the Parent Company received from certain shareholders deposits for future share subscriptions totaling P241.62 million. Movement of P46.93 million in 2008 pertains to the cancellation of subscription with the amount previously received as deposits against the Parent Company's advances to relevant shareholders. There were no movements in the account during 2016 and 2015.

It is the intention of the shareholders that these balances represent equity deposits for future share subscriptions. The presentation of the deposits under liabilities is in compliance with Financial Reporting Bulletin No. 6 issued by Securities and Exchange Commission (SEC). The management considers issuing equivalent equity ownership upon development of concrete plans on improving the operations and the financial stability of the Parent Company and IRC.

Note 11 - Equity

Share capital at December 31, 2016 and 2015 consist of:

	Amount
Common shares - P1 par value	
Authorized (4,000,000,000 shares)	4,000,000,000
Subscribed (1,200,000,000 shares)	1,200,000,000
Subscribed	1,200,000,000
Subscriptions receivable	(224,465,947)
Paid, issued and outstanding	975,534,053
Treasury shares (58,627,864 shares)	(58,627,864)

Treasury shares represent investment of Mindanao Appreciation Corporation (MAC) in the Parent Company's shares.

In 2014, the Parent Company received P20.50 million from various shareholders as collection from subscription receivable.

As at December 31, 2016, there are 193 (2015 - 190) shareholders each owning more than one hundred (100) shares of the Parent Company.

Note 12 - Other expenses

Details of other expenses for the years ended December 31 are as follows:

	2016	2015	2014
Security services	1,462,121	1,493,230	1,112,239
Transportation and travel	1,199,621	1,303,103	1,396,164
Meeting expenses	1,035,909	613,534	401,097
Taxes and licenses	936,666	923,419	937,050
Communication, light and water	541,777	580,136	635,112
Write-off of prepaid tax	528,474	-	-
Office supplies	510,092	486,592	485,858
Association dues	377,695	375,490	396,487
Repairs and maintenance	266,536	300,098	215,912
Insurance expense	174,642	181,730	191,952
Postage	42,004	46,652	223,360
Miscellaneous	171,323	139,216	199,090
	7,246,860	6,443,200	6,194,321

Note 13 - Income taxes

Details of provision for income tax for the years ended December 31 are as follows:

	2016	2015	2014
Current	425,474	1,025,561	695,118
Deferred	4,354,583	28,783,004	7,153,031
Provision for income tax	4,780,057	29,808,565	7,848,149

The net deferred income tax liability as at December 31 consist of:

	2016	2015
Unrealized foreign exchange loss, net	(8,600,729)	(6,557,513)
Fair value gain on investment property	93,017,123	87,852,065
Net liability	84,416,394	81,294,552

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

All movements in deferred income tax liability are charged to profit or loss except for those pertaining to other comprehensive income. Deferred income tax charge on other comprehensive losses was not recorded due to insignificant amount.

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

The Group incurred NOLCO for the year ended December 31, 2016 amounting to P14.44 million (2015 - P27.80 million; 2014 - P13.58 million). The related deferred income tax asset of P4.33 million (2015 - P8.34 million; 2014 - P4.07 million) was not recognized since the probability that those benefits would be utilized through future taxable profits is uncertain.

The breakdown of unrecognized deferred income tax assets on NOLCO are as follows:

Year	Valid until	2016	2015
2016	2019	14,435,333	-
2015	2018	27,799,410	27,799,410
2014	2017	13,577,662	13,577,662
2013	2016	-	9,820,722
Total NOLCO		55,812,405	51,197,794
Deferred income tax assets not recognized at 30%		16,743,722	15,359,338

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	2016	2015
2016	2019	636,033	-
2015	2018	933,094	933,094
2014	2017	890,007	890,007
2013	2016	-	903,242
		2,459,134	2,726,343
Unrecognized deferred income tax asset on MCIT		(2,459,134)	(2,726,343)
Recognized deferred income tax asset		-	-

During the year, MCIT carried in deferred income tax account were expensed to provision for income tax in the expectation that the Group will not be able to generate taxable income to which these can be applied prior to expiration of carry over periods.

The reconciliation of tax on pre-tax income computed at the statutory income tax rates to income tax provision are as follows:

	2016	2015	2014
Income before income tax	63,126,835	53,003,235	85,531,073
Tax on pretax income at 30%	18,938,051	15,900,971	25,659,322
Adjustment for income subjected to lower tax rates	(267,191)	(18,946)	(683,767)
Share in net earnings of associate	(6,301,814)	(2,858,103)	(5,230,578)
Unrecognized deferred income tax assets from NOLCO and MCIT	4,966,633	11,066,166	4,080,580
Non-taxable income	(1,852,999)	(11,346)	(16,639,372)
Non-deductible expenses	654,530	4,786,254	-
Recovery of impairment loss	(11,357,153)	-	-
Others	-	943,569	661,964
	4,780,057	29,808,565	7,848,149

Note 14 - Basic and diluted earnings (loss) per share

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

	2016	2015	2014
Net income (loss) attributable to the shareholders of Parent Company	46,901,151	(7,313,787)	47,727,432
Divided by the average number of outstanding common shares	975,534,053	975,534,053	975,534,053
Basic and diluted earnings (loss) per share	0.04808	(0.00750)	0.04892

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

Note 15 - Related party transactions and balances

The table below summarizes the Group's transactions and balances with its related parties as at December 31.

	2016		
	Transactions	Outstanding balances	Terms and conditions
Notes receivable			
Associate (IRC)	(107,876,522)	135,993,378	Unsecured, interest bearing receivables ranging from 12% to 18%, with no guarantee and collectible in cash on demand.
Interest income from notes receivable			
Associate (IRC)	27,612,498	25,914,260	Represents accrued interest on receivables collectible in cash on demand
		161,907,368	Note 4
Due from			
Entities under common control Intrinsic Value Management (IVM) Philippine Strategic International Holdings, Inc. (PSIHI) South China Holdings Corporation (SCHC)	62,001	663,343	Unsecured, non-interest bearing, with no guarantee and collectible in cash on demand (Note 4).
Borrowings from			
Entity under common control IVM	-	(13,624,642)	Unsecured, non-interest bearing, with no guarantee and payable in cash on demand (Note 8).
Advances from			
Entities under common control IVM, PSIHI	(5,620,200)	(14,915,116)	Unsecured, non-interest bearing, with no guarantee and payable in cash on demand.
Salaries and employee benefits		-	
Key management personnel	4,147,791	-	Payable on demand.
	2015		
	Transactions	Outstanding balances	Terms and conditions
Notes receivable			
Associate (IRC)	4,381,459	243,869,900	Unsecured, interest bearing receivables ranging from 12% to 18%, with no guarantee and collectible in cash on demand.
Interest income from notes receivable			
Associate (IRC)	41,857,704	140,746,699	Represents accrued interest on receivables collectible in cash on demand
		384,616,599	Note 4
Due from IVM, PSIHI, SCHC	(26,314)	601,342	Unsecured, non-interest bearing, with no guarantee and collectible in cash on demand (Note 4).
Borrowings from			
Entity under common control IVM	450,000	(13,624,642)	Unsecured, non-interest bearing, with no guarantee and payable in cash on demand (Note 8).
Advances from			
Entities under common control IVM, PSIHI	(291,522)	(9,294,916)	Unsecured, non-interest bearing, with no guarantee 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 amount is shown as part of accounts payable and other current liabilities.

Intercompany loans eliminated in 2016 amount to P743.21 million (2015 - P700.15 million). Allowance for impairment loss on notes receivable from IRC amounting to P5.4 million was reversed in 2016 (Note 4). Based on management's assessment, the carrying values of receivables from related parties are deemed collectible.

There were no write-offs made relative to balances with related parties in 2016 and 2015.

Note 16 - 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 6). The remaining portion is leased to other parties. In 2016, rental income from investment in a condominium unit amounts to P7.15 million (2015 - P7.02 million; 2014 - P6.11 million) (Note 7).

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

	2016	2015	2014
Within one year	7,189,371	7,015,271	6,112,049
After one year but not more than five years	38,575,632	37,458,747	36,196,032
	45,765,003	44,474,018	42,308,081

The terms of the lease contracts range from one (1) to three (3) years and renewable under such terms and conditions mutually agreed upon by the parties. The rentals are due monthly and are payable within thirty (30) days. These are unsecured and non-interest bearing.

Note 17 - Salaries and employee benefits

Details of salaries and employee benefits for the years ended December 31 are as follows:

	2016	2015	2014
Salaries and wages	4,396,887	2,790,743	2,523,203
Employee benefits	1,121,890	737,443	506,316
Bonus and allowances	242,067	203,625	128,826
SSS, Philhealth and HDMF	143,206	135,681	118,709
	5,904,050	3,867,492	3,277,054

Note 18 - Gains (losses) on disposal of assets

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

	Notes	2016	2015	2014
Securities	3	62,395	-	-
Investment in associate	5	-	59,693	3,009,326
Investment property	7	-	(2,360,000)	-
		62,395	(2,300,307)	3,009,326

Note 19 - Foreign currency denominated monetary assets and liabilities

The Group's foreign currency denominated monetary assets and liabilities for the years ended December 31 are as follows:

	2016		2015		2014	
	In USD	In HKD	In USD	In HKD	In USD	In HKD
Cash	127,378	-	2,818	-	123,952	-
Borrowings	(426,666)	(19,000,000)	(3,039,158)	(23,910,492)	(3,685,265)	(25,000,000)
Accrued interest	-	(6,014,794)	(2,648,667)	(9,989,421)	(308,780)	(7,855,106)
Total	(299,288)	(25,014,794)	(5,685,007)	(33,899,913)	(3,870,093)	(32,855,106)
Exchange rates	49.8000	6.4212	47.0600	6.0857	44.7000	5.7489
Peso equivalent	(14,904,542)	(160,624,995)	(267,536,429)	(206,304,701)	(172,993,157)	(188,880,719)

The net foreign exchange loss for the year ended December 31, 2016 amounted to P8.58 million (2015 - P21.66 million; 2014 - P1.71 million) of which P9.04 million pertains to unrealized portion (2015 - P17.82 million; 2014 - P1.43 million).

Note 20 - Provision for litigation claims

In the normal course of business, the Parent 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 Parent 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 Parent 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 Parent Company.

After divergent decisions by the arbitrator and regional trial court, the case was transferred to the Court of Appeals for further proceedings. In 2013, the Parent Company recorded additional provision amounting to P21.61 million to reflect the final decision rendered by the Court of Appeals instructing the Parent Company to pay the agreed guaranteed returns and arbitration costs including 12% interest calculated from the date of initial ruling totaling to P47.77 million as shown in the statement of financial position.

As at December 31, 2016 and 2015, management is still assessing other legal remedies available to settle the case.

Note 21 - Contingencies

In the normal course of business, the Parent Company has contingency arising from claim which is presently being contested. Based on management's assessment, the disposition of this contingency will have no significant impact on its financial statements. The detailed information about this claim has not been disclosed as this might be prejudicial to the position of the Parent Company.

Note 22 - Segment information

The Group has only one segment as it derives its revenues primarily from rental and capital appreciation of investment properties.

Significant information on the reportable segment is as follows:

	2016	2015
Operating assets	1,649,011,675	1,758,373,538
Operating liabilities	514,126,077	681,824,832
Revenue and income	53,143,179	125,055,026
Other income	64,369,494	9,527,010
Costs and expenses	54,385,838	66,692,801
Segment net income	58,346,778	23,194,670

All revenues are from domestic entities incorporated in the Philippines, hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*.

There are no revenues derived from a single external customer above 10% of total revenue in 2015 and 2016.

There is no need to present reconciliation since the Group's operating assets, operating liabilities, revenue, cost and expenses and segment profit pertains to a single operating segment.

There are no changes in the Group's reportable segment and related strategy and policies in 2016 and 2015.

Note 23 - Financial risk and capital management

23.1 Financial risk factors

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.

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 impact on the Group's financial performance due to the unpredictability of financial markets.

There were no changes in the Group's strategies and policies during 2016 and 2015.

23.1.1 Market risk

(a) Foreign exchange risk

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

The Group manages its foreign exchange risk by constantly reviewing its exposure to commitments payable in foreign currency and ensuring appropriate cash balances are maintained to meet current commitments.

As at December 31, 2016 and 2015, the Group's exposure to currency risk relates to the foreign currency denominated cash in bank and borrowings (Note 19).

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 Parent Company's net income after tax. There is no impact on the Parent Company's equity other than those already affecting net income after tax.

	Change in exchange rate	Impact on income after tax
At December 31, 2016		
US Dollar	+/-3.91%	(2,247,979)
Hongkong Dollar	+/-5.51%	(3,167,868)
At December 31, 2015		
US Dollar	+/- 4.11%	(3,668,619)
Hongkong Dollar	+/- 3.99%	(7,509,801)

The reasonably possible movement in foreign currency exchange rates is based on projection by the Parent Company using movement of the rates from the prior year.

(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 3), investment properties (Note 7) and available-for-sale financial assets presented under other non-current assets in the consolidated statement of financial position. 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 4) and borrowings (Note 8). These financial instruments are not exposed to fair value interest rate risk as these are carried at amortized cost. Likewise, these instruments are not exposed to variability in cash flows as these carry fixed interest rates.

23.1.2 Credit risk

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

(a) Maximum exposure to credit risk

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

The table below shows the credit quality of significant financial assets (i.e., cash in banks and financial receivables as at December 31:

	Fully performing	Past due but not impaired	Impaired
2016			
Cash in banks	30,034,875	-	-
Notes and other receivables	-	167,236,299	-
	30,034,875	167,236,299	-
2015			
Cash in banks	11,675,375	-	-
Notes and other receivables	-	384,793,108	5,436,501
	11,675,375	384,793,108	5,436,501

(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, 2016, notes and other receivables amounting to P167.24 million (2015 - P390.23 million) were deemed past due but not impaired and not subject to any provision for impairment. The age of these receivables is more than 180 days. These significantly relate to notes receivable from IRC which management believes to be recoverable given ongoing developments and business prospects of IRC with a leading local real estate developer. Moreover, it also expects IRC to generate positive returns on its investments when large scale development commences. Due from related parties, and advances and other receivables are monitored on an ongoing basis which normally results in an assessment that the Group's exposure to bad debts is not material.

23.1.3 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.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within 12 months approximate their carrying balances, as the impact of discounting is not significant.

	0 - 90 days	91 - 180 days	181 - 360	Total
At December 31, 2016				
Borrowings	-	-	135,627,442	135,627,442
Accounts payable and accrued expenses*	25,610,063	-	9,482,796	35,092,859
Advances from related parties	-	-	14,915,116	14,915,116
Future interest payable	7,508,109	7,508,109	15,016,218	30,032,436
	33,118,172	7,508,109	175,041,572	215,667,853
At December 31, 2015				
Borrowings	-	-	296,605,830	296,605,830
Accounts payable and accrued expenses*	41,032,856	-	9,482,796	50,515,652
Advances from related parties	-	-	9,294,916	9,294,916
Future interest payable	12,910,829	12,910,829	25,821,658	51,643,316
	53,943,685	12,910,829	341,205,200	408,059,714

**This excludes taxes payable and deferred rental income.*

All financial assets and liabilities are classified as current as at reporting dates except for refundable deposits and available-for-sale financial assets.

23.2 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 as follows:

	2016	2015
Total equity	1,134,885,598	1,076,548,706
Deposit for future share subscriptions	194,695,274	194,695,274
	1,329,580,872	1,271,243,980

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, 2016 and 2015. 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.

There were no changes in the Group's strategies and policies during 2016 and 2015.

23.5 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 are as follows:

	2016		2015	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Fair value through profit or loss	2,268,490	2,268,490	1,905,389	1,905,389
Loans and receivables				
Cash	30,049,875	30,049,875	11,690,375	11,690,375
Notes and other receivables	167,236,299	167,236,299	384,793,108	384,793,108
Refundable deposits	3,500	3,500	3,500	3,500
Available-for-sale financial assets	143,440	143,440	65,425	65,425
Total assets	199,701,604	199,701,604	398,457,797	398,457,797
Financial liabilities at amortized cost				
Borrowings	135,627,442	135,627,442	296,605,830	296,605,830
Accounts payable and other current liabilities*	25,610,063	25,610,063	41,032,856	41,032,856
Advances from related parties	14,915,116	14,915,116	9,294,916	9,294,916
Total liabilities	186,771,240	186,771,240	357,494,879	357,494,879

*This excludes taxes payable and deferred rental income.

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

23.6 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, 2016 and 2015, the Group's financial assets at fair value through profit or loss and available-for-sale financial assets are classified under Level 1 while investment properties are classified under Level 2 category. The Group uses the market approach for its investment properties. 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.

Note 24 - Critical accounting estimate and judgment

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.

24.1 Critical accounting estimate

Estimate of fair value of investment properties (Note 7)

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 2016 amounted to P320.45 million (2015 - P302.86 million). Where the estimated market value differs by 10% from management's estimates, the carrying amount of investment properties would have been P32.05 million higher or lower (2015 - P30.29 million higher or lower).

24.2 Critical accounting judgments

(a) Recoverability of loans and receivables (Note 4)

The allowance 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.

If the loans and receivables that are past due but not impaired were provided an allowance, the Group would incur an additional expense of P167.24 million in its 2016 consolidated financial statements (2015 - P384.79 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 13)

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 from NOLCO and MCIT amounting to P19.20 million (2015 - P18.09 million) is appropriate due to the Parent Company's limited capacity to generate sufficient taxable income in the immediately succeeding three to five years given current development activities.

(c) Recoverability of investment in subsidiaries and IRC (Note 5)

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 500 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 P1,100 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 and recent issuance in 2016 amounting to P280 million (2015 - P178 million) are being utilized to support ongoing development.
- 4) In 2015, IRC entered into a joint development agreement with a third party to clear and develop social housing units of total land area of 3.93 hectares.
- 5) In 2016, IRC signed a sale agreement with a leading local real estate developer relative to the acquisition of a portion of the 2,200-hectare Binangonan lot with total contract price of P24.97 million. The Parent Company believes that the entry of this leading local real estate developer will jumpstart the development of a new mixed-use community south of Metro Manila. Clearing and retitling is ongoing for the remaining large portion of the land to make it ready for future developments.
- 6) IRC has 1,700 hectares more in its landbank that is potentially a revenue stream that would allow repayment.

The Parent 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 carrying amount of its investment in subsidiaries and IRC as at December 31, 2016 and 2015 is recoverable.

(d) Entities in which the Group holds less than 50% interest (Note 25.3)

Management consider that the Parent Company has de facto control over TAC, 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 Parent Company's shareholding and the relative size of the other shareholdings, management has concluded that the Parent 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 28.44% in 2016 (2015 - 33.04%) and control has not been established. Consequently, this investment has been classified as an associate.

(e) Impairment of investment properties (Note 7)

The Group'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 P320.45 million as at December 31, 2016 (2015 - P302.86 million). No impairment loss was recognized on investment properties for the years ended December 31, 2016 and 2015.

(f) Provision for litigation claims (Note 20)

The Parent Company is a party to certain lawsuits or claims arising from the ordinary course of business. The provision for litigation claims is based on the final decision rendered by the Court of Appeals. The Parent Company's management and legal counsel believe that the liabilities under these lawsuits or claims will not have a material impact on the Group's consolidated financial statements. The Group's provision for litigation claims amounted to P47.77 million as at December 31, 2016 and 2015 and is shown as a separate line item in the statement of financial position.

(g) Contingencies (Note 21)

The Parent Company is currently involved in a disputed claim. Management currently believes, in consultation with its legal counsels, that the ultimate outcome of the proceeding will not have a material effect on the Group's consolidated financial statements. It is possible, however, that future results of operations could materially be affected by changes in the estimate in the final outcome of the proceeding.

Note 25 - Summary of significant accounting policies

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

25.1 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, Philippine 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 financial 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 24.

25.2 Changes in accounting policy and disclosures

(a) *New and amended standards adopted by the Group*

There are no new standards, amendments to existing standards and interpretations effective for the financial year beginning on January 1, 2016, which would have a significant impact on or is considered relevant to the Group's consolidated financial statements.

(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, 2016, and have not been applied in preparing these consolidated financial statements. None of these standards is expected to have significant effect on the consolidated financial statements of the Group, while the more relevant ones 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. PFRS 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 recognized 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.

- *PFRS 16, 'Leases'*, is the new standard for lease accounting that will replace PAS 17, 'Leases'. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with the standard's approach to lessor accounting substantially unchanged from PAS 17. The standard is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted, but only in conjunction with PFRS 15, 'Revenue from Contracts with Customers'. In order to facilitate transition, entities can choose a simplified approach that includes certain reliefs related to the measurement of the right-of-use asset and the lease liability, rather than full retrospective application; furthermore, the 'simplified approach' does not require a restatement of comparatives. In addition, as a practical expedient, entities are not required to reassess whether a contract is, or contains, a lease at the date of initial application (that is, such contracts are "grandfathered"). The Group is a lessor on all of its lease agreements. The adoption of the standard will not impact the Group's consolidated financial statements.

25.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2016 and 2015. 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 in 2016		
	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)*	28.50%	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 and doing business 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. The Subsidiaries' registered office and principal place of business is at 35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

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 are as follows:

December 31, 2016	TPHC	MAC	TTCI	TAC
	(In thousands of Pesos)			
Total current assets	13,800	19,247	21,641	2,700
Total non-current assets	263,141	28,037	20,486	-
Total assets	276,941	47,284	42,127	2,700
Total current liabilities	(41,470)	(31,502)	(4,666)	(11,202)
Total non-current liabilities	(69,589)	-	(5,738)	-
Total liabilities	(111,059)	(31,502)	(10,404)	(11,202)
Net assets (liabilities)	165,882	15,782	31,723	(8,502)
Non-controlling interest share in net assets (liabilities)	122,686	11,283	22,216	(5,232)
Income	15,342	4,522	7,742	-
Expenses	(2,852)	(1,370)	(207)	(56)
Income (loss) before tax	12,490	3,152	7,535	(56)
Provision for income tax	(4,438)	(601)	(244)	-
Net income (loss) for the year	8,052	2,551	7,291	(56)
Other comprehensive loss	(7)	(867)	-	-
Total comprehensive income (loss)	8,045	1,684	7,291	(56)
Non-controlling interest share in total comprehensive income (loss)	5,950	1,204	5,106	(34)
Cash flows from:				
Operating activities	(2,581)	21,650	(2,238)	(9)
Investing activities	537	-	-	-
Financing activities	-	(21,569)	-	-
Net cash inflow (outflow)	(2,044)	81	(2,238)	(9)
December 31, 2015	TPHC	MAC	TTCI	TAC
	(In thousands of Pesos)			
Total current assets	16,648	15,519	14,928	2,709
Total non-current assets	248,386	29,502	19,674	-
Total assets	265,034	45,021	34,602	2,709
Total current liabilities	(42,034)	(30,922)	(4,676)	(11,155)
Total non-current liabilities	(65,162)	-	(5,494)	-
Total liabilities	(107,196)	(30,922)	(10,170)	(11,155)
Net assets (liabilities)	157,838	14,099	24,432	(8,446)
Non-controlling interest share in net assets (liabilities)	116,737	10,079	17,110	(5,198)
Income	65,381	-	2,812	-
Expenses	(9,818)	(3,888)	(2,623)	60
Income (loss) before tax	55,563	(3,888)	189	(60)
Provision for income tax	(19,467)	819	186	-
Net income (loss) for the year	36,096	(3,069)	375	(60)
Other comprehensive loss	(5)	(9,253)	(3)	-
Total comprehensive income (loss)	36,091	(12,322)	372	(60)
Non-controlling interest share in total comprehensive income (loss)	32,089	(1,765)	208	(28)
Cash flows from:				
Operating activities	(8,621)	5,284	(200)	(0.4)
Investing activities	2	1	2,043	0.1
Financing activities	-	(5,596)	-	-
Net cash inflow (outflow)	(8,619)	(311)	1,843	(0.3)

	TPHC	MAC	TTCI	TAC	Total
Accumulated balance of non-controlling interest	(In thousands of Pesos)				
December 31, 2016	114,039	3,587	21,063	(4,539)	134,150
December 31, 2015	108,090	2,120	17,014	(4,513)	122,711
Non-controlling interest share in total comprehensive income (loss)	(In thousands of Pesos)				
December 31, 2016	5,949	1,467	4,049	(26)	11,439
December 31, 2015	32,089	(1,765)	208	(28)	30,504

(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. These 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.

25.4 Cash

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

25.5 Financial instruments

25.5.1 Classification

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. The Group classifies its financial assets and liabilities according to the categories described as follows.

(a) Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The 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, 2016 and 2015.

(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 twelve (12) months; otherwise, these are classified as non-current.

The Parent Company's investment in listed equity shares are classified under this category (Note 3).

(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. These 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), notes and other receivables (Note 4) and refundable deposits classified 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 twelve (12) months from the reporting date.

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

(b) Financial liabilities

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

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 8), accounts payable and other current liabilities (excluding taxes payable and deferred rental income) (Note 9) and advances from related parties (Note 15) are classified under financial liabilities at amortized cost.

25.5.2 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. Loans and receivables are carried at amortized cost using the effective interest method. Financial liabilities are measured at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of financial assets and liabilities at fair value through profit or loss, including interest and dividend income and interest expense, are presented in profit or loss within 'Unrealized gain (loss) on securities' in the period in which these arise. Dividend income from financial assets at fair value through profit and loss is recognized in profit or loss as part of other income when the Group's right to receive payment is established.

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”.

25.5.3 Impairment

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 Group 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.

25.5.4 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.

25.5.5 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 Group or the counterparty. There are no offsetting arrangements as at December 31, 2016 and 2015.

25.6 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 25.5.

25.7 Prepayments

Prepayments are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at the amount of cash paid, which is equal to its nominal amount. Prepayments are derecognized in the 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.

25.8 Property and equipment

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

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

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

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

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 25.11).

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.

25.9 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 valuers. Changes in fair values are recorded in profit or loss.

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 period in which these 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.

Impairment of investment properties is presented in Note 25.11.

25.10 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 available-for-sale financial assets are classified under Level 1 category. Investment properties are classified under Level 2 category.

25.11 Impairment of non-financial assets

Assets that have an indefinite useful life 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.

25.12 Accounts payable and other current liabilities

Accounts payable and other current 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 current liabilities are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, these are presented as non-current liabilities.

Accounts payable and other current 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 current liabilities and financial liabilities at amortized cost are presented in Note 25.5.

25.13 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 twelve (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.

25.14 Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent 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 expense 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 income 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 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.

25.15 Employee benefits

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

The Parent Company recognizes a liability and an expense for short-term employee benefits which include salaries, social security contributions, paid sick and vacation leaves. The Parent 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.

25.16 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.

25.17 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. These are recognized upon receipt of cash and measured at face value or nominal amount.

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

25.18 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) Share premium

Share premium is recognized for the excess proceeds of subscriptions over the par value of the shares issued.

(c) 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.

25.19 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.

25.20 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 as follows. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Rental income

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

(b) Interest income and expense

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

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

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

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

(c) 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

Expenses are recognized when these are incurred.

25.21 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.

25.22 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 or valuation where items are measured. 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.

25.23 Related party relationships and transactions

(a) Related party relationship

A 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 enterprises and their 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.

(b) Related party transaction

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is charged or not.

25.24 Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These 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.

25.25 Subsequent events

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.

Mabuhay Holdings Corporation

Schedule of Philippine Financial Reporting Standards Effective Standards and Interpretation as at December 31, 2016

The following table summarizes the effective standards and interpretations as at December 31, 2016:

		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRS Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Measurement of Cash-settled Share-based Payment Transactions*		✓	
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓

		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Implementation of PFRS 9*		✓	
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: Transition Disclosures*		✓	
	Amendments to PFRS 7: Disclosures - Hedge Accounting*		✓	
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments	✓		
	Amendments to PFRS 9: Transition Disclosures*		✓	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28: Application of the Consolidation Exception for Investment Entities	✓		
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*		✓	
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Acquisitions of an Interest in a Joint Operation*		✓	
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28: Application of the Consolidation Exception*		✓	
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts*		✓	

		Adopted	Not Adopted	Not Applicable
PFRS 15	Revenue from Contracts with Customers*		✓	
	Amendment to PFRS 15: Identifying Performance Obligations, Licenses of Intellectual Property, and Principal versus Agent Assessment*		✓	
PFRS 16	Leases*		✓	
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	✓		
	Amendments to PAS 1: Disclosure Initiative *		✓	
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative*		✓	
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 16 - Deferred Tax: Recovery of Underlying Assets			✓
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses*		✓	
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16 and PAS 38: Acceptable Methods of Depreciation and Amortization*		✓	
	Amendments to PAS 16 and PAS 41: Bearer Plants*		✓	
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Contributions from Employees or Third Parties*		✓	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓

		Adopted	Not Adopted	Not Applicable
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment to PAS 21: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PAS 27: Use of Equity Method in Separate Financial Statements*		✓	
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PFRS 10 and PAS 28: Sale or Contributions of Assets between an Investor and its Associate or Joint Venture*		✓	
	Amendments of PFRS 10, PFRS 12 and PAS 28: Application of the Consolidation Exception*		✓	
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 16 and PAS 38: Acceptable Methods of Depreciation and Amortization*		✓	
PAS 39	Financial Instruments: Recognition and Measurement	✓		

		Adopted	Not Adopted	Not Applicable
	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 IFRIC 9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives			✓
	Amendments to PAS 39: Hedge Accounting*		✓	
PAS 40	Investment Property	✓		
	Amendment to PAS 40: Transfers of Investment Property*		✓	
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Bearer Plants*		✓	
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓

		Adopted	Not Adopted	Not Applicable
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to IFRIC 14: Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estate*		✓	
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
IFRIC 22	Foreign Currency Transactions and Advance Consideration*		✓	
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures	✓		
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

*These are standards, interpretations and amendments to existing standards that have been issued but not yet effective as at December 31, 2016.

The standards and interpretations that are labeled as “Not Applicable” are already effective as at December 31, 2016 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

35th Floor, Rufino Pacific Tower

6784 Ayala Avenue, Makati City

Reconciliation of Parent Company's Retained Earnings for Dividend Declaration

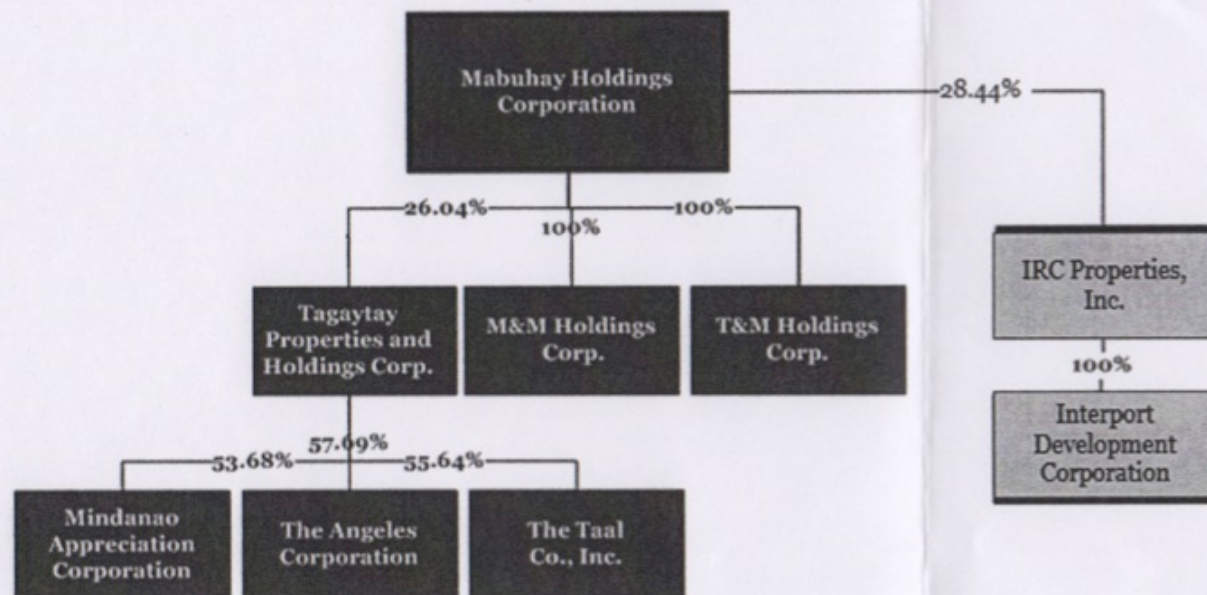
For the year ended December 31, 2016

(All amounts in Philippine Peso)

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning		(505,713,758)
Net loss during the period closed to Retained Earnings	(8,948,695)	
Less: Non-actual/unrealized income net of tax		
Equity in Net income of associate/joint venture		
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)		
Unrealized actuarial gain		
Fair value adjustment (mark-to-market gains)	(609,101)	
Fair value adjustment of Investment Property resulting to gain	(2,028,000)	
Adjustment due to deviation from PFRS/GAAP-gain		
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS		
Subtotal	(2,637,101)	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)		
Unrealized foreign exchange loss - net except (Cash and Cash Equivalents)	9,037,060	
Adjustment due to deviation from PFRS/GAAP - loss		
Unrealized fair value adjustment (mark-to-market loss)		
Loss on fair value adjustment of investment property (after tax)		
Subtotal	9,037,060	
Net loss actually incurred during the period		(2,548,736)
Add (Less):		
Dividend declarations during the period		
Appropriations of Retained Earnings during the period		
Reversals of appropriations		
Treasury shares		
Total Retained Earnings available for dividends, ending		(508,262,494)

Mabuhay Holdings Corporation and Subsidiaries

Map of the Group of Companies within which the Reporting Entity Belongs
December 31, 2016



Mabuhay Holdings Corporation and Subsidiaries

Schedule A. Financial Assets
December 31, 2016

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	-	30,049,875	-	109,464
Phil. Realty A	1,900,000	788,500	788,500	-
Basic Energy Corp.	1,110,000	225,330	225,330	-
RFM Corporation	40,000	204,000	204,000	-
Filinvest Land, Inc.	84,250	128,902	128,902	-
Chemrez Tech. Inc.	15,000	76,500	76,500	-
Ayala Corporation	69	50,404	50,404	-
Cosco Capital, Inc.	5,000	42,500	42,500	-
Greenergy H./Musx Corp.	62,300	23,051	23,051	-
Uniwide Holdings, Inc.	1,410,000	21,150	21,150	-
BDO Unibank, Inc.	123	13,789	13,789	-
F. Estate Land Inc.	6,850	6,850	6,850	-
Vulcan Industrial	5,000	5,500	5,500	-
United P. Mining Corp.	750,000	6,225	6,225	-
Swift Food Inc.	44,621	6,247	6,247	-
GMA Network, Inc.	1,000	6,270	6,270	-
National Reinsurance Corp.	5,000	3,850	3,850	-
Swift Food Inc. (Preference)	1,759	3,272	3,272	-
Filipino Fund Inc.	330	2,178	2,178	-
Anscor	190	1,140	1,140	-
Basic Conso, Inc.	3,300	670	670	-
Manila Mining Corp. (A)	4,345	48	48	-
Manila Mining Corp. (B)	9,551	115	115	-
IRC Properties, Inc.	-	161,907,368	-	27,612,498
Others	-	6,127,870	651,999	-
Total		199,701,604	2,268,490	27,721,962

Mabuhay Holdings Corporation and Subsidiaries

**Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and
Principal Stockholders (Other Than Related Parties)
December 31, 2016**

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
South China Holdings Corporation	286,174	46,063	-	-	332,237	-	332,237
Philippine Strategic Intl. Holdings, Inc.	143,541	15,863	-	-	159,404	-	159,404
Intrinsic Value Management Ltd.	171,627	75	-	-	171,702	-	171,702
IRC Properties, Inc.	384,616,599	27,612,498	(250,321,459)	-	161,907,638	-	161,907,638
	385,217,941	27,674,499	(250,321,459)	-	162,570,981	-	162,570,981

Mabuhay Holdings Corporation and Subsidiaries

Schedule C. Amounts Receivable from Related Parties which are Eliminated
during the Consolidation of the financial statements
December 31, 2016

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Mabuhay Holdings Corporation	164,342,735	28,378,030	-	-	192,720,765	-	192,720,765
Mindanao Appreciation Corporation	19,036,488	-	(130,000)	-	18,906,488	-	18,906,488
M&M Holdings Corporation	68,271,561	-	-	-	68,271,561	-	68,271,561
The Angeles Corporation	2,638,750	-	-	-	2,638,750	-	2,638,750
T&M Holdings, Inc.	279,108	-	-	-	279,108	-	279,108
Tagaytay Properties Holdings Corporation	7,077,035	60,000	(502,544)	-	6,634,491	-	6,634,491
The Taal Company, Inc.	13,653,682	2,078,133	(120,000)	-	15,611,815	-	15,611,815
Total	275,299,359	30,525,044	(752,544)	-	305,062,978	-	305,062,978

Mabuhay Holdings Corporation and Subsidiaries

Schedule D. Intangible Assets - Other Assets
December 31, 2016

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

Mabuhay Holdings Corporation and Subsidiaries

Schedule E. Long-term debt
December 31, 2016

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, 2016

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, 2016

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, 2016

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	-	10,615,000	50	1,189,384,950



Mabuhay Holdings Corporation and Subsidiaries

Financial Soundness Indicators
December 31, 2016 and 2015

	fwv	2015
Net profit ratio	.8483	0.2803
Return on asset	.0342	0.0132
Return on equity	.0528	0.0218
Current ratio	.4676	0.6660
Acid test ratio	.4644	0.6634
Debt to equity	.4530	0.6333
Debt to asset	.3118	0.3878
Asset to equity	1.4530	1.6333
Interest coverage	3.2038	2.2219
Earnings per share	.0481	(0.0075)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM - ACGR
ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year 2016
2. Exact Name of Registrant as Specified in its Charter MABUHAY HOLDINGS CORPORATION
3. 35/F Rufino Pacific Tower 6784 Ayala Avenue, Makati City
Address of Principal Office 1223
Postal Code
4. SEC Identification Number 150014  5. (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number 000-473-206-000
7. (632) 7502000
Issuer's Telephone number, including area code
8. Not Applicable
Former name or former address, if changed from the last report

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	7
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Actual number of Directors for the year	7
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(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)	Elected when (Annual / Special Meeting)	No. of years served as director
Roberto V. San Jose	NED		Araceli C. Molina	2003	July 2016	ASM*	13
Esteban G. Peña Sy	ED		Araceli C. Molina	2006	July 2016	ASM*	10
Shinsuke Amiya	NED		Araceli C. Molina	2016	July 2016	ASM*	0.92
Ana Maria A. Katigbak-Lim	NED		Araceli C. Molina	1999	July 2016	ASM*	17
Wong Peng Chong	NED		Araceli C. Molina	2009	July 2016	ASM*	7
Rodrigo B. Supaña	ID		Araceli C. Molina (not related to ID)	2009	July 2016	ASM*	7
Steven G. Virata	ID		Araceli C. Molina (not related to ID)	2006	July 2016	ASM*	10

*Annual Stockholders Meeting held on July 21, 2016

- (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 business 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.

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 Group¹

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.
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¹ The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

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. T&M Holdings Corporation Tagaytay Properties and Holdings Corporation The Angeles Corporation The Taal Company, Inc.	NED NED NED NED NED NED NED
Shinsuke Amiya	IRC Properties, Inc.	NED
Wong Peng Chong	IRC Properties, Inc.	NED
Rodrigo B. Supaña	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. Anglo Phil. Holdings Corp. Vulcan Industrial & Mining Corp. ISM Communications Corporation	NED NED NED NED
Esteban G. Peña Sy	IRC Properties, Inc.	ED
Shinsuke Amiya	IRC Properties, Inc.	NED
Wong Peng Chong	IRC Properties, Inc. COL Capital Limited*	NED ED
Ana Maria A. Katigbak-Lim	Vulcan Industrial & Mining Corp.	NED
Rodrigo B. Supaña	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*

*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) The company has not yet set any 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 as the company believes it is not necessary at this time taking into consideration the present circumstances of the company, such as, operational needs of the company and the availability of the directors and CEO when needed. The company will provide such limit and guidelines when the circumstances in the future would warrant the same.

	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%
Shinsuke Amiya	50		-nil-
Ana Maria A. Katigbak	50		-nil-
Wong Peng Chong	50		-nil-
Rodrigo B. Supaña	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 ☒

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 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.	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? If 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 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 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.	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 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.	
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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.
		Directors 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 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 subparagraphs (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
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(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 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.	He possesses any of the criteria enumerated for permanent disqualifications, as stated above
(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	(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.)
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive 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.)
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Roberto V. San Jose	The number of nominees for directors was 7 and this equalled the number of board seats available so that upon the resolutions of the stockholders during the annual general meeting, each of the said 7 nominees for directors received equal number of votes of 115,860,095 each.
Esteban G. Peña Sy	
Shinsuke Amiya	
Ana Maria A. Katigbak-Lim	
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 Management² for the past three (3) years:

(c)

Name of Director/ Officer	Date of Training	Program	Name of Training Institution
Roberto V. San Jose	4/21/2015	Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Wong Peng Chong	6/21/2012	Amendment of Listing Rules* - Guidelines on Disclosure of Inside Information	Fred Kan & Co.**
Rodrigo B. Supeña	5/28/2015	Orientation Course for Corporate Governance	Institute of Corporate Directors
Ana Maria A. Katigbak-Lim	4/21/2015	Corporate Governance	Risks, Opportunities, Assessment and Management (ROAM), Inc.
Delfin P. Angcao	10/15/2015	SEC-PSE Corporate Governance Forum	SEC and PSE
Araceli C. Molina	10/15/2015	SEC-PSE Corporate Governance Forum	SEC and PSE

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

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.**

* 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
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² Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

(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: <u>Confidentiality</u> 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. <u>Other employment / Outside interests</u> 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 -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. <u>Own/family's interest in another company</u> 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. <u>Gifts/perquisites</u> 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. <u>Standing for elections</u> 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 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	Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the Company.
(2) Joint Ventures	
(3) Subsidiaries	

(4) Entities 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	Beneficial ownership transactions disclosed with SEC and PSE. Other transactions are at arm's length.
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(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)
Roberto B. San Jose, Chairman of the Board	Partner of Castillo Laman Tan Pantaleon & San Jose law offices, legal counsel of Mabuhay Holdings Corporation
Esteban G. Peña Sy, President	President/Owner of Prokey Investments, Ltd., a significant shareholder
Ana Maria A. Katigbak-Lim, Director	Partner of Castillo Laman Tan Pantaleon & San Jose law offices, legal counsel of Mabuhay Holdings Corporation
Wong Peng Chong, Director	Interlocking directorship See 5(a) below
Delfin P. Angcao, Corporate Secretary	Partner of Castillo Laman Tan Pantaleon & San Jose law offices, legal counsel of Mabuhay Holdings Corporation

(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,³ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to

³ Family relationship up to the fourth civil degree either by consanguinity or affinity.

the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Prokey Investments Ltd.	Interlocking Directorship	Esteban G. Peña Sy is the Owner and President of Prokey Investments Ltd. and President & Director of Mabuhay Holdings Corporation.
Year Champion Investments Ltd.	Interlocking Directorship	Wong Peng Chong and Kong Muk Yin are executive directors of COL Capital Limited; Year Champion Investments Ltd., a substantial shareholder of Mabuhay Holdings Corporation, is a directly owned subsidiary of Bestford International Limited, a directly owned subsidiary of COL Capital Limited. Both Wong Peng Chong and Kong Muk Yin are non-executive directors of Mabuhay Holdings Corporation.

- (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 Directorship
Year Champion Investments Ltd.	Shareholder owning more than 5%	Interlocking Directorship

- (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	

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 Last Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Roberto V. San Jose	July 21, 2016	5	5	100%
Member	Esteban G. Peña Sy	July 21, 2016	5	5	100%
Member	Ana Maria A. Katigbak-Lim	July 21, 2016	5	5	100%
Member	Wong Peng Chong	July 21, 2016	5	5	100%
Member	Shinsuke Amiya	July 21, 2016	5	5	100%
Independent	Steven G. Virata	July 21, 2016	5	4	80%
Independent	Rodrigo B. Supeña	July 21, 2016	5	5	100%

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? Four (4) times

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

5) Access to Information

(a) How many days in advance are board papers⁴ for board of directors meetings provided to the board?

Distributed at least 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:

- 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;
- 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;
- 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 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

(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:

⁴ 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.

Yes ☒

No ☐

Committee	Details of the procedures
Executive	Notice and Agenda are given at least three days before the meeting; The Committees have free access to the management and staff for any queries prior to the meeting.
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:

Procedures	Details
The Directors have full access to Company's external counsel and external auditors for advice.	

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
No changes		

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	Company Salary Structure, market rates used as a guide; salary adjustments based on performance and changes in responsibilities and authorities. Requires Board approval. Compensation and Remuneration Committee determines the remuneration and endorses to the Board for approval.	
(2) Variable remuneration	None	
(3) Per diem allowance	Requires Board approval. Compensation and Remuneration Committee determines the remuneration and endorses to the Board for approval. Existing per diem is P3,000/meeting.	None
(4) Bonus	None	None other than 13 th Month Pay
(5) Stock Options and other financial instruments	None	

(6) Others (specify)	None	Health Insurance: Executives and non-executive staff are covered by health insurance approved by the President. Retirement Pay: All employees are entitled to retirement benefits as provided for in the New Retirement Law under the Labor Code after having served the Company for more than five (5) years and upon reaching the age of sixty (60) for voluntary retirement or sixty five (65) for compulsory retirement.
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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	Follows Company's salary structure and benefit package and Board-approved <u>rate/package</u> .	Compensation / salary package is composed of: • Basic monthly pay • Company provided vehicle Representation and travel allowances • Annual vacation and sick leave • Health Insurance	Basic monthly salary divided by 26.17 is used to arrive at the daily rate used in computing other benefits (e.g. sick leave, vacation leave, etc.)
Non-Executive Directors	All Directors attending the meeting receive a per diem allowance of P3,000/meeting. The Chairman of the Board receives an allowance for transportation, representation and other expenses of P20,000 per month subject to liquidation. The Corporate Secretary and the Independent Directors receive an allowance for transportation, representation and other expenses of P10,000 per month subject to liquidation.		

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
Not applicable	

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	P 2,856,000	P 360,000	P 240,000
(b) Variable Remuneration	None		
(c) Per diem Allowance	P 15,000	P 45,000	P 30,000
(d) Bonuses	P 248,000	P 30,000	P 20,000

(e) Stock Options and/or other financial instruments			
(f) Others (Leave Benefits)	P 363,775		
Total	P 3,482,775	P 435,000	P 290,000

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 (Health Insurance)	P 17,256		
Total	P 17,256		

- 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
No amendments introduced		

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	P 567,575
Alwin P. Remante	

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		1	2	Audit Committee Charter	To assist the Board of Directors in fulfilling its oversight responsibilities particularly in relation to financial reporting integrity, internal control, risk management, and corporate standards of behavior.	The Audit Committee has the following responsibilities: 1. Provide oversight over senior Management's activities in managing credit, market, liquidity, operational, legal and other risks of MHC. 2. Perform oversight functions over the Corporation's internal and external auditors 3. Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. 4. Review the appointment of an independent external auditor, the audit fees and any question of resignation or dismissal.	The Audit Committee is empowered to conduct or authorize investigations into any matter within its scope of responsibility, and seek any information it requires, including from MHC's employees.

					5. Consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal, which shall follow the procedure laid down for external auditors.	
					6. Monitor and evaluate the adequacy and effectiveness of MHC's internal control system, including financial reporting control and information technology security. 7. Receive and review the reports of external auditors, regulatory agencies, where applicable, and ensure that MHC Management is taking appropriate corrective actions, in a timely manner, in addressing control and compliance functions with regulatory agencies; 8. Review the quarterly (SEC Form 17-Q) and annual financial statements (as part of SEC Form 17-A) before submission to the Board. 9. Coordinate, monitor and facilitate compliance with existing laws, rules and regulations; 10. Evaluate and determine non-audit work by the external auditor and keep under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to MHC's total expenditure on consultancy.	

Nomination		1	2	No formal Committee Charter	Pre-screen and shortlist all candidates nominated to become a member of the Board of Directors	Review and consider the guidelines on determining the number of directorship	Review the roles and duties of the CEO by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.
Remuneration	1		2		Designate amount of remuneration in a sufficient level to attract and retain directors and officers	Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers	Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.
Others (specify)							

2) Committee Members

(a) Executive Committee: None

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						Not Applicable
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	Rodrigo B. Supeña (ID)	July 21, 2016	4	4	100	8
Member (ID)	Steven G. Virata	July 21, 2016	4	4	100	9
Member (ED)	Shinsuke Amiya	July 21, 2016	4	2	50	0.92
Member (NED)	Ana Maria A. Katigbak-Lim	July 21, 2016	4	4	100	9
Member	Araceli C. Molina*	July 21, 2016	4	4	100	9

*up to December 31, 2016.

Disclose the profile or qualifications of the Audit Committee members.

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.

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.

Shinsuke Amiya, Director – After taking Bachelor of Law from Hitotsubashi University in Tokyo in 1981, he started the business career in the international finance division of Yamaichi Securities Co., Ltd. and joined the investment banking division of Morgan Stanley as an associate in 1986. In 1994, he started his career in Merrill Lynch Japan, where he worked as a Managing Director of financial institution group, Head of investment banking division, Chairman of Investment Banking Group, and the Vice Chairman of the Firm. In 2006, he was invited by shareholders of NIS Group to become the president of the company to restructure the company's business and financial structure. After leaving NIS Group where he had succeeded in 30 billion yen fundraising from private equity firm, he left the company and was elected as a member of the House of Representatives of Japan by national election. He was then promoted to the Parliamentary Secretary of Finance Minister of Japan in Noda Cabinet. He was also a member of Japan-Philippines Parliamentarians' Friendship League. In 2013, he started S.A.Consulting Inc. and also holds the post of a guest professor in Ryotokuji University. In 2016, he became the CEO of the Asia Development Capital Co. Ltd, a listed investment company in Japan. Mr. Amiya, a Japanese, is 58 years old.

Atty. Ana Maria A. Katigbak-Lim, 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.

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. Ms. Molina opted for retirement effective December 31, 2016. Ms. Molina is replaced by Ms. Gloria Georgia G. Garcia effective January 2017.

Gloria Georgia G. Garcia, Corporate Treasurer & Chief Financial Officer – effective January 2017. A Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants, Ms. Garcia started her career with SGV & Co. Her work experience included more than three years as a junior auditor with the firm. Thereafter, she had few years in the recreation, gaming and hotel industries and more than twenty years in the real estate industry up to present.

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

The Audit Committee does the following relative to the external auditor:

- Performs oversight functions over the Corporation's external auditors. It ensures that the external auditors are given unrestricted access to all records, properties and personnel to enable them to perform their audit

- functions;
- Reviews the appointment of an independent external auditor, the audit fees and any question of resignation or dismissal. Before the audit commences, the Audit Committee discusses with the external auditor the nature and scope of the audit.
- Evaluates and determines non-audit work by the external auditor and keeps under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to MHC's total expenditure on consultancy. The non audit work should be disclosed in the annual report.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Wong Peng Chong (NED)	July 21, 2016	2	2	100	8
Member (ED)						
Member (NED)						
Member (ID)	Steven G. Virata Rodrigo B. Supeña	July 21, 2016	2 2	2 2	100 100	9 8
Member	Araceli C. Molina*	July 21, 2016	2	2	100	9

*up to December 31, 2016. Ms. Molina is replaced by Ms. Gloria Georgia G. Garcia effective January 2017.

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Steven G. Virata (ID)	July 21, 2016	2	2	100	9
Member (NED)	Shinsuke Amiya	July 21, 2016	2	0	-nil-	.92
Member (ID)	Rodrigo B. Supeña	July 21, 2016	2	2	100	8
Member	Araceli C. Molina*	July 21, 2016	2	2	100	9

*up to December 31, 2016. Ms. Molina is replaced by Ms. Gloria Georgia G. Garcia effective January 2017.

(e) Others (Specify): Not applicable

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	Not Applicable					
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	Not applicable	
Audit	Review of annual and quarterly Financial Statements. Discussion of SEC findings on Second Quarter Report.	Nothing significant.
Nomination	Recommendation of nominees to be included in the final list of independent directors.	Nothing significant.
Remuneration	Recommendation of salary increases.	Nothing significant.
Others (specify)	Not applicable	

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	Not applicable	
Audit	Review of control policies and procedures.	Nothing significant.
Nomination	Pre screen qualifications of nominees for independent directors.	Nothing significant.
Remuneration	Review and evaluate existing remuneration policies and procedures	Nothing significant.
Others (specify)	Not applicable	

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Company aims to identify, measure, analyze, monitor, and control all forms of risks that would affect the Company. It is an integral part of the planning and operations process of the Company in order to meet corporate goals and objectives.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The Board of Directors through the Audit Committee is tasked to review the effectiveness of the risk management system the Company employs. In the Audited Financial Statements which the Board and the shareholders approve each year, it says, among others, that *"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."*

(c) Period covered by the review;

The Audit Committee periodically reviews the Company's risk management system.

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

The adequacy of the risk management system is reviewed annually by the Audit Committee. On a quarterly basis, specific risk management processes and findings are reviewed and evaluated.

(e) Where no review was conducted during the year, an explanation why not.

Not applicable.

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
Foreign Currency Risk	The Company closely monitors the HK and US dollar rates vis-à-vis Philippine Peso since it has foreign currency loans payable in US and HK dollars.	To avoid or minimize loss associated with foreign currency fluctuations.
Liquidity Risk	The Company monitors its cash position and makes cash projections to ensure that obligations are met as they fall due.	To minimize risk of not being able to meet funding obligations.
Interest Rate Risk	The Company borrows at fixed interest rates.	To manage interest cost.
Credit Risk	The Company deposits its available funds only to reputable and stable banks.	To maintain a high grade of credit quality of the Company's financial assets.
Equity Price Risk	Movement in the Company's share price is monitored on a daily basis.	To determine the impact of the Company's share price on its financial position.

(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
Same as in 2 (a) above		

(c) Minority Shareholders

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

Risk to Minority Shareholders
Due to statutory limitations on the obligations of majority shareholders with respect to minority shareholders, minority shareholders are subject to the risk of the exercise by the majority shareholders of their voting power. However, the Corporation Code provides for minority shareholders' protection in certain instances wherein a vote by the shareholders representing at least two-thirds of the Corporation's outstanding capital stock is required. The Corporation Code also grants shareholders an appraisal right allowing a dissenting shareholder to require a corporation to purchase his share in certain instances.

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)
Foreign Currency Risk	The Company regularly monitors and measures the risk exposure of the Company.	Continuous improvement of information system and internal controls within the Company.
Liquidity Risk		
Interest Rate Risk		
Credit Risk		
Equity Price Risk		

(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)
Same as in 3 (a) above		

(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
Audit Committee	Oversight of the integrity of the financial statements and related disclosures Oversight, assessment and review of internal controls	Reviews the external auditors' findings on internal controls Recommends to the Board the appointment or re-appointment of external auditors Reviews the quality and reliability of information prepared for inclusion in financial reports.

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;
Internal controls encompass a set of rules, policies and procedures an organization implements to provide reasonable assurance that (a) its financial reports are reliable; (b) its operations are effective and efficient, and (c) its activities comply with applicable laws and regulations.
- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;
The Board, through its Audit Committee, meets to discuss and oversee whether the Company is able to comply with the required financial reporting and audit processes, including compliance with applicable laws, rules and regulations.
- (c) Period covered by the review;
2012
- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; Annually and
- (e) Where no review was conducted during the year, an explanation why not. Not applicable

2) Internal Audit (This section 2 (a) to (e) is not applicable since the Company has no internal auditor owing to its nature as holding company).

(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. Not applicable

Progress Against Plans	
Issues	
Findings	
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
Segregation of duties	Yes
Safeguard of assets	Yes
Compliance to Company Policies and Procedures	Yes

(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
External Auditors merely request assistance from the Company’s accountants. Replies to external auditors’ requests for confirmation of account balances go directly to them.	Analysts must conduct themselves impartially, particularly when carrying out and analyzing their surveys. They must decline work if there is any doubt as to their impartiality in performing an assignment.	Sending of direct audit confirmation to banks of Company’s financial assets and outstanding loans, if any.	The rating agency must not enter into commitments which prejudice or could prejudice its freedom on decision making.

(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.

Compliance Officer countersigned by the Company’s President

H. **ROLE OF STAKEHOLDERS**

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

	Policy	Activities
Customers' welfare	The Company has no customers since it is a holding firm.	N.A.
Supplier/contractor selection practice	The Company selects the lowest bidder from at least three suppliers.	
Environmentally friendly value-chain	Compliance with environmental laws have not, and are not anticipated to adversely affect the businesses and financial conditions of the Company. Costs of compliance with environmental laws are either charged as ordinary operating expenses or credited as part of project investment by the Company and its subsidiary.	
Community interaction	The Company is fully cognizant of its socio-civic responsibility of contributing towards the improvement of other peoples' lives.	Donations are made to educational and civic organizations, as well as health, relief and rescue undertakings whenever needed.
Anti-corruption programmes and procedures?	The Company requires that all its directors, officers, and employees will not make, offer, or authorize any payment, gift, promise, or other advantage, whether directly or through any other person or entity, to or for the use or benefit of any public official or any political party or political party official or candidate for office, where such payment, gift, promise or advantage would violate applicable laws of the Philippines.	The Company's Human Resources Department constantly seeks ways to ensure that all of its employees do not seek nor accept solicitations from public offices and their officers in exchange for favors and undue advantages from the Company.
Safeguarding creditors' rights	All dealings with creditors are presented to and approved by the Board of Directors.	Loan agreements are signed and promissory notes are issued to creditors in compliance with therequirements.

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?
None.

3) Performance-enhancing mechanisms for employee participation.

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

The Company provides health insurance to its employees.

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

Date	HMO Provider
February 1, 2016 - January 31, 2017	Maxicare Health Corporation
February 1, 2015 - January 31, 2016	Maxicare Health Corporation
February 1, 2014 - January 31, 2015	Maxicare Health Corporation
February 1, 2013 - January 31, 2014	Maxicare Health Corporation
February 1, 2012 - January 31, 2013	Maxicare Health Corporation
February 1, 2010 - January 31, 2012	Eastwest Healthcare, Inc.
February 1, 2009 - January 31, 2010	Intellicare

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

No formal training program for employees. However, if there are training seminars offered by outside parties needed by the employees, the Company sends them. Below are the data:

Date	Seminars Attended
Annual	Listing and Disclosure Rules Seminar by PSE
October 18, 2010	Joint Venture and Syndications for Real Estate Projects
Annual	Mid-Year or Year-End Economic Briefing by UA&P

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

All employees are entitled to retirement benefits as provided for in the New Retirement Law under the Labor Code after having served the Company for more than five (5) years and upon reaching the age of sixty (60) for voluntary retirement or sixty five (65) for compulsory retirement.

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.

Any violation of the Company's Code of Ethics will result in an inquiry to establish the facts and possibly result in disciplinary action. Cases of doubt should be referred to the Executive Committee or the President.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corporation (Filipino)	370,923,998	30.91%	Various
Prokey Investment Ltd.	351,289,763	29.27%	Esteban G. Peña Sy
PCD Nominee Corporation (Foreign)	314,209,000	26.18%	Various
Guoco Securities (Phils.), Inc.	123,192,131	10.27%	Various

Name of Senior Management	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	353,299,763	29.44%
Delfin P. Angcao	691		-nil-
Steven G. Virata	100		-nil-
Rodrigo B. Supaña	50		-nil-
Ana Maria A. Katigbak-Lim	50		-nil-
Wong Peng Chong	50		-nil-
Kong Muk Yin	50		-nil-
Araceli C. Molina	50		-nil-
TOTAL	1,691	353,299,763	29.44%

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	N/A
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	No
Number of board of directors/commissioners meetings held during the year	No
Attendance details of each director/commissioner in respect of meetings held	No
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes (Total remuneration disclosed)

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
Isla Lipana & Co., Inc.	P532,463	None

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.
Written memos, email and oral communication.

5) Date of release of audited financial report: April 15, 2017

6) Company Website

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

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Not applicable. We have not provided materials to analysts and media.
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

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

7) Disclosure of RPT

RPT	Relationship	Nature	Value
Disclosed in the Audited Financial Statements			

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?

Transactions entered into by the Group with related parties are at arm's length basis and have terms similar to the transactions entered into by the company with third parties.

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	At least a majority of the outstanding capital stock, except in cases where a higher quorum requirement is mandated by the Corporation Code, in which case, two-thirds (2/3) of the outstanding shares shall be required.
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	All corporate acts of the Board of Directors and Management are ratified and approved by the stockholders.
Description	In the Notice of Annual Stockholders' Meeting to stockholders as of record date, the agenda includes the ratification of resolutions, contracts and acts of the Board of Directors and Management. The corporate acts are then ratified and approved by the stockholders during the actual stockholders' meeting.

(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 <u>not</u> in The Corporation Code
In accordance with the Company's By-Laws and Manual on Corporate Governance	None

Dividends

Declaration Date	Record Date	Payment Date
Not Applicable		

(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
1. In the Annual Stockholders' Meeting, the Chairman of the Board always opens the floor to questions from stockholders after the President's Report.	1. Question and answer portion in the Stockholders' Meeting.
2. The Company put up a website where contact details are provided.	2. Through telephone, telefax , ordinary mail or email.

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:

- Amendments to the company's constitution: Subject to Stockholders' approval
- Authorization of additional shares: Subject to Stockholders' approval
- Transfer of all or substantially all assets, which in effect results in the sale of the company: Subject to Stockholders' approval

3. Does the company observe a minimum of 15 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? Yes

a. Date of sending out notices: June 28, 2016

b. Date of the Annual/Special Stockholders' Meeting: July 21, 2016

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

As is normally the case, after the Management Report of the President, the Chairman of the Board opened the floor to the stockholders for any questions they may have on the Report and the Audited Financial Statements. There had been some questions that were satisfactorily answered, after which, the stockholders applauded as a sign of appreciation for the President's Report.

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

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of Previous Stockholders' Meeting	67.59%	None	None
Report of Management and approval of the 2015 Audited Financial Statements	67.59%	None	None
Ratification of the Corporate acts of the Board of Directors and Management	67.59%	None	None
Election of Directors	67.59%	None	None
Appointment of External Auditor	67.59%	None	None

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

July 21, 2016

(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
No modifications made	

(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	Roberto V. San Jose Esteban G. Peña Sy Ana Maria A. Katigbak-Lim Wong Peng Chong Shinsuke Amiya Rodrigo B. Supeña Steven G. Virata	July 21, 2016	As Provided for in the Definitive Information Statement	29.32%	38.27%	67.59%
Special	No Special Stockholders' Meeting held in 2016					

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs? Representatives from Rizal Commercial Banking Corporation, the Corporation's stock and transfer agent, attends the Annual Stockholders' Meeting to validate the votes.

(iii) Do the company's common shares carry one vote for one share? Yes. 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. Not applicable.

(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	In accordance with the Notice of Annual Stockholders' Meeting attached to the Definitive Information Statement issued by the Corporate Secretary. Such notice includes the procedures for the execution and acceptance of proxies.
Notary	Required
Submission of Proxy	In accordance with the Notice of Annual Stockholders' Meeting attached to the Definitive Information Statement issued by the Corporate Secretary. Such notice includes the procedures for the execution and acceptance of proxies.
Several Proxies	
Validity of Proxy	
Proxies executed abroad	Not applicable
Invalidated Proxy	
Validation of Proxy	In accordance with the Notice of Annual Stockholders' Meeting attached to the Definitive Information Statement issued by the Corporate Secretary. Such notice includes the procedures for the execution and acceptance of proxies.
Violation of Proxy	Not applicable but in case there will be a violation, it will be dealt with in accordance with the Corporation Code.

(h) Sending of Notices

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

Policies	Procedure
In accordance with the SRC Rule 20	

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	205
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	June 28, 2016
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	June 28, 2016
State whether CD format or hard copies were distributed	CD format copies were distributed.
If yes, indicate whether requesting stockholders were provided hard copies	CD format copies were distributed.

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

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Not applicable. No dividends were declared.
The amount payable for final dividends.	
Documents required for proxy vote.	Yes

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
Right to vote on all matters that require their consent or approval	One share equals one vote. The stockholders are encouraged to personally attend the Annual Stockholders' Meeting. If they cannot attend, they are appraised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right is not unduly restricted and any doubt about the validity of a proxy is resolved in the stockholders' favor.
Right to inspect corporate books and records	Affirmative.
Right to information	The Company's website is open to the public most specially to the stockholders. Material information is disclosed to SEC and PSE.

Right to dividends	The Board of Directors shall, whenever in its opinion the condition of the Corporation's affairs will render it expedient, declare dividends to the Stockholders of the Corporation out of prior year's net profits in such accounts and on such dates as the Board of Directors shall determine. In the declaration of the dividends the Board shall consider the possibility of adopting a policy of declaring dividends in such amount as will equal 50% of the prior year's net profits.
Appraisal right	A stockholder has the right to dissent and demand payment of the fair value of his shares: (i) in case any amendment to the Company's Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences over the outstanding shares, or of extending or shortening the term of corporate existence; (ii) in case of any sale, lease, mortgage or disposition of all or substantially all of the corporate property or assets; (iii) in case of merger or consolidation; and (iv) in case of investment of corporate funds in another corporation or business or for any purpose other than the primary purpose. If an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who voted against the proposed action and who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment. There are no matters or corporate actions that had given rise to a possible exercise by security shareholders of their appraisal rights under the provisions of the Corporation Code of the Philippines.

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

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.

External and internal policies are all in accordance with the Company's By-Laws, Manual on Corp. Governance and Company Policy Manual. The Corporate Secretary is responsible for reviewing the company disclosures, getting approval from the President or Chairman for the release of such disclosures to the public.

- 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	1. Timely disclosure of material information to stakeholders. 2. Disclosure of annual and quarterly financial performance.
(2) Principles	Timely and accurate disclosure of material and relevant information to shareholders.
(3) Modes of Communications	Company website and telephone lines

(4) Investors Relations Officer	No designated officer as such. However, the following officers can be contacted: Esteban G. Peña Sy, President Delfin P. Angcao, Corporate Secretary Gloria Georgia G. Garcia, Chief Financial & Compliance Officer
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- 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? Legal and regulatory requirements of SEC and PSE will be followed in case of such events.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price. No such events took place. The Company is open to hire external assistance for due diligence.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Initiative	Beneficiary
Proposed to be undertaken is in the area of education	Youth located in Binangonan where the low cost housing project of IRC Properties, Inc., an affiliate of the Company, is located.

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	None in place. Moving forward, a formal policy will be adopted following best practices.	
Board Committees		
Individual Directors		
CEO/President		

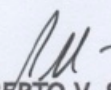
N. INTERNAL BREACHES AND SANCTIONS

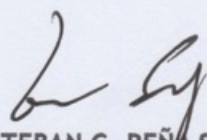
Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

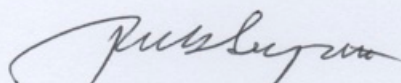
Violations	Sanctions
First Violation	Depending on the offense, written reprimand, suspension for a no. of days, or dismissal.
Second Violation	Depending on the offense, suspension for a no. of days or dismissal.
Third Violation	
Fourth Violation	
Fifth Violation	Dismissal

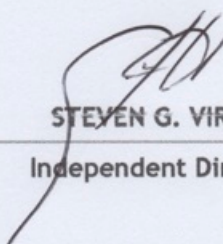
Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on April 7, 2017.

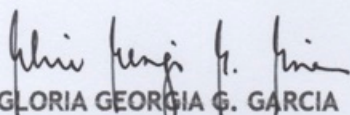
SIGNATURES



ROBERTO V. SAN JOSE
Chairman of the Board

ESTEBAN G. PEÑA SY
Chief Executive Officer

RODRIGO B. SUPENA
Independent Director

STEVEN G. VIRATA
Independent Director

GLORIA GEORGIA G. GARCIA
Compliance Officer

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY)

SUBSCRIBED AND SWORN TO before me, a Notary Public, for and in Makati City, this APR 10 2017
day of April 2017, affiants exhibiting to me their Community Tax Certificates/Passports/Driver's
License, 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
Rodrigo B. Supena	PO230546A	September 9, 2016	DFA NCR East
Steven G. Virata	<u>EC5424311</u>	<u>September 22, 2015</u>	<u>Angeles</u>
Gloria Georgia G. Garcia	EC0489004	March 5, 2014	DFA NCR East

Doc. No. 771
Page No. 76
Book No. XIX
Series of 2017.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2018
IBP No. 656155-Lifetime Member
MCLE Compliance No. V-0006934
Appointment No. M-104 (2017-2018)
PTR No. 5909514 Jan. 3, 2017
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City