COVER SHEET

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S. E. C. Registration Number

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(Company's Full Name)

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

Mr. Delfin P. Angcao	817 6791

2019 DEFINITIVE INFORMATION STATEMENT

FORM TYPE

1	2		3	1					0	4		

Month Day — Month Day

Fiscal Year — Annual Meeting

Secondary License Type, If Applicable

C	F	D

N/A

Dept. Requiring this Doc — Amended Articles Number / Section

Total No. of Stockholders — Domestic — Foreign

To be accomplished by SEC Personnel concerned

LGU

Cashier

STAMPS

MABUHAY
HOLDINGS CORPORATION

August 5, 2019

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Dear Stockholder:

Please be notified that the annual meeting of the stockholders of MABUHAY HOLDINGS CORPORATION will be held on September 24, 2019, Tuesday, at 2:00 p.m. at the Sofitel Philippine Plaza Manila, CCP Complex Pasay City, with the following agenda:

1. Call to order
2. Proof of notice and certification of quorum
3. Approval of minutes of the previous meeting of the stockholders
4. Management report and approval of the 2018 audited financial statements
5. Ratification of resolutions, contracts and acts of the Board of Directors and Management
6. Election of directors
7. Appointment of external auditors
8. Other matters
9. Adjournment

For purposes of the meeting only the stockholders of record as of July 31, 2019 are entitled to notice and to vote during the said meeting.

Registration for the said meeting starts at 1:00 p.m. For convenience in registering your attendance, please have available some form of identification, such as, driver's license, voter's ID, TIN card, SSS card or passport.

WE ARE NOT ASKING YOU FOR A PROXY. However, if you send us one, the Corporate Secretary must receive the same at the office of the Corporation at 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, not later than June 29, 2018. Corporate stockholders should attach to the proxy their respective Board Resolutions vis-à-vis the authority of their proxies. When signing as attorney-in-fact, executor, administrator, guardian or in any representative capacity, please give full title and file papers showing your authority. Validation of proxies shall be held on September 17, 2019, at 2:00 p.m., at the office of the Corporation's stock and transfer agent, Stock Transfer Service, Inc., at 34-D Rufino Pacific Tower, Ayala Avenue, Makati City.

DELFIN P. ANGCAO
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

SEC EXCHANGE COMMISSION
RECEIVED
AUG 16 2019
MARKET REGULATION DEPT.
BY TIME

1. Check the appropriate box:

   [ ] **Preliminary Information Statement**
   [√] Definitive Information Statement

2. Name of Registrant as specified in its charter: **MABUHAY HOLDINGS CORPORATION**

3. **PHILIPPINES**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **150014**

5. BIR Tax Identification Code **000-473-206-000**

6. **35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City** **1223**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code **(632) 750-2000**

8. **September 24, 2019, Tuesday, at 2:00 p.m., at the Sofitel Philippine Plaza Manila, CCP Complex Pasay City**
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders **September 6, 2019**

10. In case of Proxy Solicitations: **Not Applicable**

    Name of Person Filing the Statement/Solicitor:
    Address and Telephone No.:

11. Securities registered pursuant to Sections 8 and 12 of the Securities Regulations Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock
COMMON STOCK	**1,200,000,000 shares**

12. Are any or all of registrant's securities listed on a Stock Exchange?

    Yes ✓ No

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

    PHILIPPINE STOCK EXCHANGE - COMMON SHARES OF STOCK

PART I.
INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. **Date, Time and Place of Meeting of Security Holders**

The annual stockholders' meeting of Mabuhay Holdings Corporation (the "Registrant" or the "Company") shall be on September 24, Tuesday, at 2:00 p.m. at the Sofitel Philippine Plaza Manila, CCP Complex, Pasay City.

The mailing address of the Registrant is at 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223.

The approximate date on which this Information Statement is first to be sent or given to stockholders is on September 6, 2019.

Item 2. **Dissenters' Right of Appraisal**

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 proposed corporate actions at this year's annual stockholders' meeting of the Company which may give rise to a possible exercise by security shareholders of their appraisal rights under the provisions of the Corporation Code of the Philippines.

Item 3. **Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

No person who is or has been a director or officer of the Registrant, or a nominee for election as director, or an associate of the said persons, has any substantial interest, direct or indirect, by security holdings or otherwise in any matter to be acted upon during the meeting other than election to office.

None of the persons mentioned above has informed the Registrant in writing of any intention to oppose any action to be taken at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. **Voting Securities and Principal Holders Thereof**

(a) The Registrant has one class of shares, subscribed and outstanding as of July 31, 2019, the Record Date:

Common shares - 1,200,000,000

Of the said subscribed and outstanding shares, 377,259,160 shares or 31.44% are owned by foreigners, while 822,740,840 shares or 68.56% are owned by Philippine nationals.

(b) Number of Votes entitled: Every stockholder entitled to vote as of the Record Date shall be entitled to one (1) vote per share of stock. Provided, however, that in the case of election of directors, every stockholder has the right to cumulate and cast his votes in accordance with Section 24 of the Corporation Code of the Philippines. Section 24 of the Corporation Code of the Philippines provides in part that a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

(c) The Record Date is on July 31, 2019. All stockholders of record as July 31, 2019 are entitled to notice and to vote at the Annual Stockholders' Meeting.

(d) 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 July 31, 2019:

Title of Class	Name And Address Of Record Owner And Relationship With Issuer	Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	PCD Nominee Corporation* 37/F The Enterprise Center, 6767 Ayala Avenue, Makati City	B.A. Securities, Inc.*	Filipino	322,709,988	26.89%

Common	Prokey Investment Ltd.** c/o Mabuhay Holdings Corporation: 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223	Esteban G. Peña Sy**	Filipino	351,289,763	29.27%
Common	PCD Nominee Corporation* G/F MSE Building 6767Ayala Avenue, Makati City	B.A. Securities, Inc.*	Foreign	363,147,010	30.26%
Common	Guoco Securities (Phils.), Inc.	Guoco Securities (Phils.) Inc.***	Filipino	123,192,131	10.27%
TOTAL				1,160,338,892	96.69%

* B.A. Securities, Inc. is the only participant under the PCD that owns 5% or more of the Company's voting stock. While in the past years, Atty. Roberto V. San Jose, the Chairman of the Meeting, and/or Ms. Esteban G. Peña Sy, President of Registrant, was appointed proxy for the shares in the name of B.A. Securities, Inc., Registrant is not yet 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.

*** Registrant is not yet aware of the identity of the proxy for the shares in the name of Guoco Securities Phils. Inc. entitled to vote in the forthcoming annual stockholders' meeting. The identity of its proxy will be known only upon its submission, if any, of its proxy instrument.

(2) Security Ownership of Management.

The following directors and officers are the direct/indirect owners of the Registrant's shares as indicated opposite their names as of July 31, 2019:

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	P 600	Direct	Filipino	0
Common	Esteban G. Peña Sy Director/President	353,299,813	353,299,813	Direct & Indirect	Filipino	29.44
Common	Delfin P. Angcao Corp. Secretary	641	641	Direct	Filipino	0
Common	Rodrigo B. Supeña Director	50	50	Direct	Filipino	0
Common	Steven G. Virata Director	100	100	Direct	Filipino	0
Common	Anselm Wong Director	50	50	Direct	Malaysian	0
Common	Gloria Georgia G. Garcia SVP/Treasurer and CFO	50	50	Direct	Filipino	0
Common	Ana Maria A. Katigbak-Lim Director/Asst. Corp. Secretary	50	50	Direct	Filipino	0
Common	Yang Min Lan Director	50	50	Direct	Taiwanese	0
TOTAL		353,301,404	353,301,404			29.44

(3) Voting Trust Holders of 5% or more

Registrant is not aware of any person holding more than 5% of the shares of Registrant under a voting trust or similar agreement.

(4) Changes in Control

There has been no change in control of the Registrant since the beginning of its last fiscal year. Neither is Registrant aware of any arrangement which may result in a change in control of it.

Item 5. **Directors and Executive Officers**

(a) The names, ages, terms of office, business experience for the last five years, directorship in other companies of the directors and executive officers of the Registrant are as follows:

Atty. Roberto V. San Jose, Director, Chairman of the Board - Mr. San Jose, 77, Filipino, was elected Chairman of the Board in 2003, or for more than 16 years now. He has been a member of the Board of Directors as early as 1991, or for more than 28 years now. He received his Bachelor of Arts degree from De La Salle University and his Law degree from the University of the Philippines. He is a member of the Philippine Bar and a Special Counsel in the Castillo Laman Tan Pantaleon & San Jose Law Offices. In addition to serving as Director and Chairman of the Board for the Company, he serves as Director, Officer and/or Corporate Secretary of Anglo Philippine Holdings Corporation, CP Equities Corporation, Atlas Resources Management Group, MAA Consultants, Inc. and several other companies. He is also the Corporate Secretary of Premiere Horizon Alliance Corporation, Marcventures Holdings, Inc., Solid Group Inc., FMF Development Corporation, Beneficial Life Insurance Co., Inc., and other client corporations of the Castillo Laman Tan Pantaleon & San Jose Law Offices.

Esteban G. Peña Sy, Director and President - Mr. Peña Sy, 71, Filipino, was elected Director and President on November 1, 2006 and has served as such for more than 13 years now. He graduated from the University of the Philippines in 1968 with a degree of A.B. Economics and completed the Program for Management Development at Harvard Business School in 1982. He is a Director of IRC Properties, Inc., a real estate investment and holding company listed at the PSE, and a Director and President of Philippine Plaza Holdings, Inc., owner of Sofitel Philippine Plaza. His previous work experience includes management positions in the Bank of the Philippine Islands and Ayala International. He was Managing Director of AI Financial Services, Ltd. and was accredited by the Hong Kong Securities & Futures Commission as an Investment Adviser. He was also the Managing Director of Pan Asian Management Ltd., a management and investment consultancy firm based in Hong Kong, and Pan Asian Oasis Telecom Ltd. that operated joint venture factories engaged in the manufacturing of communication and fiber optic cables in China. In his earlier career, he served as a Lecturer at the University of the Philippines, Assistant Secretary General and Executive Director of the Federation of Filipino-Chinese Chambers of Commerce and Industry.

Atty. Delfin P. Angcao, Corporate Secretary - He holds the position since 1995, or for more than 23 years now. He was a director from 1995 until September 2010. 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 including The Manila Southwoods Golf & Country Club, Inc. and IRC Properties, Inc. He is a member of the Integrated Bar of the Philippines and the Philippine Institute of Certified Public Accountants. Attorney Angcao, a Filipino, is 61 years old.

Atty. Ana Maria Katigbak-Lim, Director and Assistant Corporate Secretary – She holds the position of Assistant Corporate Secretary since 1999, or for more than 19 years now. She held the position of a director for seven years, or from 1999 to October 31, 2006, and then again for more than 9 years, or 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 50 years old.

Anselm Wong, Director - Mr. Anselm Wong has been elected as director since January 12, 2017. He is the Chief Operating Officer of Asia Development Capital Co., Ltd. (formerly Asia Alliance Holdings Co., Ltd., a company listed in The Tokyo Stock Exchange since June 2015). Mr. Wong, a Malaysian citizen, is 34 years old.

Yang Min Lan, Director - Mr. Yang, aged 41, received a Doctor's Degree in Engineering from The National Yunlin University of Science and Technology in Taiwan in 2009. Mr. Yang has been a member of Taiwan Certified Public Technician of higher examination for civil since 2008. He is also a member of the Taiwan Professional Civil Engineers Association. He has been involved in varied construction projects in Taiwan in the development of roads, bridges, buildings, and especially in hotel and residential development. He also taught in Chienkuo Technology University. Presently, Mr. Yang is Chairman and Director of Lan Hai Co. Ltd., a construction consulting company since August 2015. Mr. Yang has been elected as Director since April 11, 2018.

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 8 years now . Mr. Supeña, a seasoned banker who previously held various key positions in Land Bank of the Philippines, Bank of the Philippine Islands and LBP Leasing Corporation, is currently the Chairman of the Board of Directors of Country Builders Bank, Taguig City. Mr. Supeña, a Filipino, is 79 years old.

Steven Gamboa Virata, Independent Director – He joined the Company in 2001 and has served as such for more than 16 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 61 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 10, 2018.

Gloria Georgia G. Garcia, Corporate Treasurer & Chief Financial Officer – 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, a Filipino, is 49 years old.

All the directors and executive officers named above were elected to their positions for a term of one year and to serve as such until their successors are elected and qualified. All of them are expected to be nominated for re-election during this year's annual stockholders' meeting and the organizational board meeting that will follow after said annual stockholders' meeting.

No director of the Company has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices.

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

(b) Independent Directors/Corporate Governance Committee

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

1.	Steven G. Virata	-	Chairman, Independent Director
2.	Rodrigo B. Supeña	-	Member, Independent Director
3.	Roberto V. San Jose	-	Member
4.	Anselm Wong	-	Member
5.	Ana Maria A. Katigbak-Lim	-	Member

Under the Company's New Manual of Corporate Governance, the members of the Nomination Committee shall consist of at least three independent directors[1], one of whom shall be the Chairman thereof. The Corporate Governance 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.

In compliance with SRC Rule 38, hereunder is the Final List of Candidates for Independent Directors of Mabuhay Holdings Corporation for the term 2018-2019 based on nominations received and pre-screened by the Nomination Committee:

Name of Candidate	Nominated By

[1] Presently, the Registrant has only two independent directors.

Mr. Rodrigo B. Supeña	Mr. Esteban G. Peña Sy
Mr. Steven G. Virata	Mr. Esteban G. Peña Sy

Mr. Peña Sy, presently a stockholder and the incumbent President of Mabuhay Holdings Corporation, is not related to any of his above-mentioned nominees.

Information about said candidates as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12 are as contained in this item 5.

To comply with the Securities and Exchange Commission (SEC) Memorandum Circular No. 5 which became effective March 10, 2017, the company submits herewith the Certificates of Qualification of the independent directors in the form prescribed by the SEC. The term limits of the independent directors shall be in accordance with SEC Memorandum Circular No. 9, Series of 2011, which became effective beginning January 2, 2012. The term limits of the independent directors shall be for a maximum cumulative term of nine (9) years in accordance with SEC Memorandum Circular No. 4, Series of 2017, which became effective March 9, 2017. The reckoning date of the cumulative nine-year term is from 2012.

The stockholders and the board of directors of the Company have on May 20, 2008 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.

(c) Significant Employees

Aside from those listed above, the Company has no other executive officers or certain key personnel who are deemed to make significant contribution to the business.

(d) Family Relationships

No director or officer is related to the extent of the fourth civil degree either by consanguinity or affinity.

(e) Involvement in Certain Legal Proceedings

None of the directors and officers of the Company was involved, in the past five years up to the latest date, in any bankruptcy proceeding. Neither have they been during the same period 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 that are material to their evaluation as to their fitness for their respective positions.

The Company 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 Company's financial position.

(f) Certain Relationship and Related Transactions

During the last two (2) years, there had been no transaction or proposed transaction between the Registrant, on one hand, and its directors, nominees as director, record or beneficial shareholders, management, or members of their immediate family, on the other.

There are no related party transactions other than those presented in Note 15 of the Notes to the Consolidated Financial Statements as of December 31, 2018, a copy of which is hereto attached.

No other transaction was undertaken by the Company in which any Director or Executive Officer was involved or had a direct or indirect material interest.

Item 6. **Compensation of Directors and Executive Officers**

(a) Summary Compensation Table

The annual compensation of the Company's President and three most highly compensated executive officers for the last two (2) fiscal years and the estimate for the ensuing year 2019 are as follows:

Name	Position	Year	Salary	Bonus	Other Annual Compensation
Roberto V. San Jose	Chairman of the Board				
Esteban G. Peña Sy	President				
Delfin P. Angcao	Corporate Secretary				
Gloria Georgia G. Garcia	Treasurer				
Aggregate compensation (all key officers and directors as a group) Note: Registrant has no other executive officers except those named above.		2019 (estimated)	P4.8 million	None	None
		2018	P4.7 million	None	None
		2017	P4.37 million	None	None

Each director receives a per diem of P5,000.00 for each board meeting attended.

(b) Compensation of Directors

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.

(c) Employment Contracts and Termination of Employment and Change-in-Control Arrangement

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

(d) Warrants and Options Outstanding

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

Item 7. **Independent Public Accountants**

The Registrant's external auditor, Isla, Lipana & Co. has been re-appointed during last year's annual stockholders' meeting held on July 20, 2018. The name of Isla, Lipana & Co.'s partner-in-charge for the ensuing year will be known on or before its re-appointment during the stockholders' meeting. The engagement partner for the year 2018 is Ms. Imelda Ronnie de Guzman-Castro.

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

(a) Audit and Audit-Related Fees

The external auditors charged the Company and its subsidiaries an aggregate amount of P1.08M for the last two (2) calendar years ending December 31, 2018 and 2017. The Company is in compliance with SRC Rule 68, Paragraph 3(b)(ix) which requires the rotation of external auditors or their signing partners, including the 2 year cooling off period requirement in case of their re-engagement.

There are no other fees billed for the last two (2) years for assurance and related services rendered by the external auditors.

(b) Tax Fees

There were routine 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, 2018 and 2017. The fees for these services are included in the Audit and Audit-Related Fees mentioned above.

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

(c) All Other Fees

There were no other fees billed for the last two (2) years for other professional services rendered by the external auditors during the period.

(d) Company Policy on Appointment of Independent Auditor

The President, SVP/Treasurer and CFO and the Audit & Related Party Transactions Committee recommend to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. The Board of Directors approves the recommendation for the appointment of the external auditor subject to approval/ratification by the stockholders at the annual stockholders' meeting.

The present members of the Audit & Related Party Transactions Committee of the Company are as follows:

Rodrigo B. Supeña	-	Chairman (Independent Director)
Steven G. Virata	-	Member (Independent Director)
Yang Min Lan	-	Member
Ana Maria Katigbak-Lim	-	Member
Gloria Georgia G. Garcia	-	Non-voting Member

D. OTHER MATTERS

Item 15. **Action with Respect to Reports**

(a) Approval of the minutes of the 2018 annual stockholders' meeting
(b) Approval of annual report of management and 2018 financial statements

Approval of the minutes of the 2018 annual stockholders' meeting will constitute a ratification of the accuracy and faithfulness of the record therein of the events that transpired during the said meeting. Among the matters taken up during the 2018 annual stockholders' meeting and reflected in the minutes thereof were the following: (a) approval of the minutes of the 2017 annual meeting; (b) approval of the 2017 management report and annual financial statements; (c) ratification of corporate acts; (d) election of directors; (e) establishment of a stock option plan; and (f) appointment of external auditors. This will not constitute a second approval of the same matters that were already taken up and approved during the said meeting. Approval of the annual report of management and 2017 financial statements will constitute a ratification of the Company's performance during the preceding year as contained or reflected in said annual report and financial statements.

Among the acts and resolutions of the board and management for which ratification by the stockholders will be sought are the following: (a) election of the officers and corporate governance committee members for the term 2018-2019; (b) resignation of a director and an

officer (which was not due to any disagreement with the Company) and election of their replacements; and (c) setting the date of the 2019 annual stockholders' meeting and its record date.

Item 18. **Other Proposed Actions**

(a) Ratification of resolutions, contracts and acts of the board of directors and management
(b) Election of directors
(c) Appointment of external auditors

Resolutions, contracts and acts of the board of directors and management for ratification refer to those passed or undertaken by them during the year and for the day to day operations of the Company as contained or reflected in the annual report and financial statements. These included the election of officers, composition of corporate governance committees and appointment of external auditors as previously disclosed to the Securities and Exchange Commission and the Philippine Stock Exchange. The summary of the resolutions, contracts and acts to be ratified may be found in Annex "A" hereof.

Item 19. **Voting Procedures**

The vote required for acts requiring stockholders' approval is majority of stocks present in a quorum, unless the law provides otherwise. In the election of directors, however, the seven (7) nominees obtaining the highest number of votes in accordance with the provisions of the Corporation Code, shall be proclaimed the directors.

Counting of votes will be done *viva voce* or by raising of hands, unless in the election of directors, a stockholder requests for balloting. Votes cast during the annual stockholders' meeting shall be counted by the Corporate Secretary.

ACCOMPANYING THIS INFORMATION STATEMENT IS A COPY OF THE NOTICE OF THE ANNUAL STOCKHOLDERS' MEETING CONTAINING THE AGENDA THEREOF, AS WELL AS A COPY OF THE REGISTRANT'S MANAGEMENT REPORT AS REQUIRED UNDER SRC RULE 20 (4), AS AMENDED. IN COMPLIANCE WITH SRC RULE 20.3.3.5, THIS INFORMATION STATEMENT AND MANAGEMENT REPORT SHALL BE UPLOADED IN THE COMPANY'S WEBSITE FOR DOWNLOADING BY INTERESTED PARTIES.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S ANNUAL REPORT IN SEC FORM 17-A DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.

ALL REQUESTS MAY BE SENT TO THE FOLLOWING:

Mabuhay Holdings Corporation
35/F Rufino Pacific Tower
6784 Ayala Avenue, Makati City
Attention: Ms. Gloria Georgia G. Garcia

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on August 5, 2019.

MABUHAY HOLDINGS CORPORATION
Registrant

By:

DELFIN P. ANGCAO
Corporate Secretary

MABUHAY HOLDINGS CORPORATION

MANAGEMENT REPORT
Pursuant To SRC Rule 20 (4)

For the 2018 Annual Stockholders' Meeting

A. AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2018 AND March 31, 2019 INTERIM FINANCIAL STATEMENTS

Registrant's audited consolidated financial statements for the fiscal year ended December 31, 2018 and interim financial statements for the period ended March 31, 2019 are attached.

B. INDEPENDENT PUBLIC ACCOUNTANTS

The Registrant's external auditor, Isla, Lipana & Co. has been re-appointed during last year's annual stockholders' meeting held on July 10, 2018. The name of Isla, Lipana & Co.'s partner-in-charge for the ensuing year will be known on or before its re-appointment during the stockholders' meeting.

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

(a) Audit and Audit-Related Fees

The external auditors charged the Company and its subsidiaries an aggregate amount of P1.08M for the last two (2) calendar years ending December 31, 2018 and 2017. The Company is in compliance with SRC Rule 68, Paragraph 3(b)(ix) which requires the rotation of external auditors or their signing partners, including the 2 year cooling off period requirement in case of their re-engagement.

There are no other fees billed for the the last two (12) years for assurance and related services rendered by the external auditors.

(b) Tax Fees

There were routine 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, 2018 and 2017. The fees for these services are included in the Audit and Audit-Related Fees mentioned above.

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

(c) All Other Fees

There were no other fees billed for the last two (2) years for other professional services rendered by the external auditors.

(d) Company Policy on Appointment of Independent Auditor

The President, SVP/Treasurer and CFO and the Audit Committee recommend to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. The Board of Directors approves the recommendation for the appointment of the external auditor subject to approval/ratification by the stockholders at the annual stockholders' meeting.

The present members of the Audit Committee of the Company are as follows:

Rodrigo B. Supeña	-	Chairman (Independent Director)
Steven G. Virata	-	Member (Independent Director)
Yang Min Lan	-	Member
Ana Maria Katigbak-Lim	-	Member
Gloria Georgia G. Garcia	-	Non-voting Member

C. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

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.

For the past years, the Group's main focus is to support the projects of its then main associate, Philippine Infradev Holdings, Inc. (formerly IRC Properties Incorporated) (IRC). IRC needs assistance to secure funding of its 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. After the Group sold a significant part of its shareholdings in IRC in 2018, through its wholly-owned subsidiary T&M Holdings, Inc., which reduced its ownership interest in IRC from 29.62% to 11.4% as of December 31, 2018, it plans to concentrate on the acquisition of properties for rental purposes as its main short-term operating activity. Management believes that this move is strategic and will be beneficial for the Group in the long run. The Group intends to become more liquid and flexible while pursuing bigger urban real property development projects with its foreign business partners. Among the Group's short-term and long-term plans are: (a) to acquire developed properties with the intention of converting the properties for lease operations; (b) to acquire properties for development and to convert these properties for leases; (c) to continue to retain its remaining shares of stocks in IRC for appreciation and eventual cash flows from future dividend declarations; (d) to continue to retain its investment properties for appreciation, and to plan for possible development of the prime properties; and (e) to invest in stocks listed in the Philippine Stock Exchange on a broader scope.

The planned acquisitions of rental yielding properties are expected to generate sustained cash inflows to support the Group's operations. Moreover, the remaining investments in IRC is expected to generate substantial dividend yield in the future upon completion of IRC's real estate projects in Binangonan and the construction and operation of the Makati Subway System under the Public-Private Partnership Program of Makati City Government.

The above plans will contribute to improve the results of operation of the Group in the following years.

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

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

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

The Group does not anticipate heavy requirement for working capital in 2019.

SECOND QUARTER ENDED JUNE 30, 2019

Results of Financial Operations

January to June 2019 compared with January to June 2018

	Six Months Ended June 30			
	2019	**2018**	**Increase (Decrease)**	**%**
Income	4,255,387	73,162,535	(68,907,148)	(94.18%)
Expenses	78,789,120	9,909,557	68,879,563	695.08%
Finance Income (Cost)	12,219,326	(14,691,873)	26,911,199	(183.17%)
Net Income (loss)	(62,991,585)	38,291,951	(101,283,536)	(264.50%)

A comparative review of the Registrant's financial operations for the six-month period ended June 30, 2019 vis-à-vis the same period of prior year showed the following:

For the six-month period ended June 30, 2019, total income is composed mainly of rental (P3.9M), gain on disposal of assets (P0.23M) and other income (P0.17M), for a total of P4.3 million. In comparison, the June 30, 2018 total revenues included the gains recognized on the disposal of investment in IRC shares (P30.5M), unrealized gain on revaluation of securities due to market appreciation of the investment in IRC shares (P38.9M), rental (P3.7M) and other income (P0.1M), for a total of P73.2 million. The decrease is attributed mainly to the unrealized gains on securities and the gain on disposal of assets in 2018.

From P2.25/share as of December 31, 2018, the market price of the Company's investment in IRC shares declined to P1.86/share as of June 30, 2019. This decline resulted in the recognition of unrealized loss on revaluation of securities of P66.97 million. Net unrealized gains on securities are shown under Income while net unrealized losses are shown under Expenses.

During the six-month period of 2019, Net Finance Income amounted to P12.2 million, from a net Finance Costs of P14.7 million in the same period of 2018. There are no Finance Costs in 2019 except for foreign exchange losses of P0.146 million. In 2018 total finance income is P11.48 million offset by finance cost of P20.8 million and foreign exchange losses of P5.3 million, or a net finance cost of P14.7 million.

Net loss registered at P62.991 million for the period January to June 2019 as compared to a P38.292 million Net income for the same period of 2018.

April to June 2019 compared with April to June 2018

	Three Months Ended June 30			
	2019	**2018**	**Increase (Decrease)**	**%**
Income	30,990,384	71,317,443	(40,327,059)	(56.55%)
Expenses	5,538,623	5,278,198	260,425	4.93%
Finance Income (Cost)	5,893,395	(12,307,711)	18,201,106	(147.88%)
Net Income	30,925,473	41,958,740	(11,033,267)	(26.30%)

For the three-month period April to June 2019, total income is composed mainly of rental (P1.95M), unrealized gain on securities (P28.998M) and other income (P0.04M), for a total of P30.99 million. In comparison, the April to June 2018 total revenues included unrealized gains on securities (P38.9M), gain on disposal of investment in IRC shares (P30.5M), rental (P1.9M) and other income (P0.006M), for a total of P71.3 million. The decrease is attributed mainly to the unrealized gains on securities and the gain on disposal of assets in 2018.

For the quarter April to June 2019, the market price of IRC shares recovered and improved, from P1.69/share as of March 31, 2019 to P1.86/share as of June 30, 2019. Hence, an unrealized gain of P28.998 million is recognized in the second quarter. There are no finance costs in the second quarter of 2019 other than foreign exchange losses, while finance costs of P18.4 million is offset by finance income of P6.06 million composed of interest income and foreign exchange gains.

Net income registered at P30.925 million for the period April to June 2019 as compared to a P41.959 million for the same period of 2018.

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.

Financial Position

	June 30, 2019	**December 31, 2018**		
	(Unaudited)	**(Audited)**	**Increase (Decrease)**	**%**
Current Assets	639,566,062	700,729,103	(61,163,041)	(8.73%)
Non-current Assets	402,076,480	402,601,546	(525,066)	(0.13%)
Total Assets	1,041,642,542	1,103,330,649	(61,688,107)	(5.59%)
Current Liabilities	285,754,430	284,422,791	1,331,639	0.47%
Non-current Liabilities	120,699,464	120,727,625	(28,161)	(0.02%)
Equity	635,188,648	698,180,233	(62,991,585)	(9.02%)

Explanation to Accounts with Material Variance (June 2019 vs. December 2018)

Current Assets

Cash amounted to P187.471 million as of June 30, 2019 as compared to P193.312 million as of December 31, 2018, or a decrease of 3% or P5.84 million attributed largely to acquisition of additional investments in securities.

Financial assets at fair value through profit or loss amounted to P328.744 million as of June 30, 2019 as compared to P392.937 million as of December 31, 2018, or a decrease of 16% or P64.2 million mainly due to recognition of unrealized loss on revaluation of securities as of end of June 2019.

Notes and other receivables amounted to P120.459 million as of June 30, 2019 as compared to P111.801 million as of December 31, 2018, or an increase of 7.7% or P8.66 million mainly due to accrual of interest on notes receivable from IRC.

Prepayments and other current assets amounted to P2.891 million as of June 30, 2019 as compared to P2.679 million as of December 31, 2018, or an increase of 7.9% mainly due to prepaid taxes.

Non-Current Assets

Property and equipment, net amounted to P1.806 million as of June 30, 2019 as compared to P2.332 million as of December 31, 2018, or a decrease of 23% or P0.525 million mainly due to depreciation charges for the first two quarters.

Current Liabilities

Accounts payable and other current liabilities amounted to P20.662 million as of June 30, 2019 as compared to P19.330 million as of December 31, 2018, or an increase of 7% or P1.332 million mainly due to accruals.

Equity

Retained Earnings (Deficit) amounted to (P436.419 million) as of June 30, 2019 and (P372.021 million) as of December 31, 2018, or an increase in Deficit of P64.399 million attributed mainly to the net income loss incurred by the company for the period.

FIRST QUARTER ENDED MARCH 31, 2019

Results of Financial Operations

January to March 2019 compared with January to March 2018

	Three Months Ended March 31			
	2019	**2018**	**Increase (Decrease)**	**%**
Income	2,263,506	1,845,092	418,414	22.68%
Expenses	102,249,000	4,631,359	97,617,641	2,107.75%
Finance Income (Cost)	6,325,931	(2,384,162)	8,710,093	(365.33%)
Net Income (loss)	(93,917,058)	3,850,387	(97,767,445)	(2,539.16%)

A comparative review of the Registrant's financial operations for the quarter ended March 31, 2019 vis-à-vis the same period of prior year showed the following:

Total Income increased by P418K or 23% mainly due to increase in rental income and the gain on disposal of assets. Total Income is composed mainly of rental (P1.904M), gain on disposal of assets (P0.228M) and other income (P0.131M), for a total of P2.264 million. Compared to the same period of 2018, Total Income is composed of rental (P1.841M) and other income (P0.004M), for a total of P1.845 million.

Total expenses increased by P98M or 2108% mainly due to the unrealized loss on revaluation of securities amounting to P95.966 million, as compared to none in the same period of 2018. From P2.25/share as of December 31, 2018, the market price of the Company's investment in IRC shares declined to P1.69/share as of March 31, 2019. This decline resulted in the recognition of unrealized loss on revaluation of securities of P95.966 million. Net unrealized gains on securities are shown among Income while net unrealized losses are shown among Expenses.

Total Finance Income (Costs) increased by P8.7M mainly due to the net effect of increase in interest income offset by decrease in interest expense and foreign exchange losses. Net finance income for 2019 amounted to P6.326 million from interest income of P6.413 million offset by foreign exchange losses of (0.087 million). In the same period of 2018, interest income amounted to P6.091 million offset by interest expense of (P2.482 million) and (P5.993 million) in foreign exchange losses, or a net finance cost of (P2.384 million).

The Company registered share in net earnings of IRC Properties, Inc. of P7.517 million for the first quarter of 2018 and none for the first quarter of 2019.

The net loss registered for the period January to March 2019 amounted to P93.917 million as compared to P3.841 million in the same period of 2018.

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.

Financial Position

	March 31, 2019	December 31, 2018		
	(Unaudited)	(Audited)	Increase (Decrease)	%
Current Assets	606,300,545	700,729,103	(94,428,558)	(13.48%)
Non-current Assets	402,258,657	402,601,546	(342,889)	(0.09%)
Total Assets	1,008,559,202	1,103,330,649	(94,771,447)	(8.59%)
Current Liabilities	283,568,402	284,422,791	(854,389)	(0.30%)
Non-current Liabilities	120,727,625	120,727,625	0	0.00%
Equity	604,263,175	698,180,233	(93,917,058)	(13.45%)

Explanation to Accounts with Material Variance (March 2019 vs. December 2018)

Current Assets
Cash amounted to P188.114 million as of March 31, 2019 as compared to P193.312 million as of December 31, 2018, or a decrease of 3% or P5.198 million mainly due to additional investments in securities.

Financial assets at fair value through profit or loss amounted to P299.745 million as of March 31, 2019 as compared to P392.937 million as of December 31, 2018, or a decrease of 24% or P93.191 million mainly due to unrealized loss on revaluation of securities.

Notes and other receivables amounted to P115.893 million as of March 31, 2019 as compared to P111.801 million as of December 31, 2018, or an increase of 3.7% or P4.093 million mainly due to accrual of interest on notes receivable.

Prepayments and other current assets amounted to P2.547 million as of March 31, 2019 as compared to P2.679 million as of December 31, 2018, or a decrease of 5% or P0.132 million mainly due to prepaid taxes.

Non-Current Assets
Property and equipment, net amounted to P1.989 million as of March 31, 2019 as compared to P2.331 million as of December 31, 2018, or a decrease of 15% or P0.343 million mainly due to depreciation charges for the first quarter.

Current Liabilities
Accounts payable and other current liabilities amounted to P18.458 million as of March 31, 2019 as compared to P19.331 million as of December 31, 2018, or a decrease of 5% or P0.873 million mainly due to payment/remittances.

Equity
Retained Earnings (Deficit) amounted to (P463.705 million) as of March 31, 2019 as compared to (P372.021 million) as of December 31, 2018, or an increase in deficit of P91.684 million or 24.64% mainly due to the net loss incurred by the company for the period.

FULL FISCAL YEARS
YEAR 2018

Results of Financial Operations
January to December 2018 compared with January to December 2017

	Years Ended December 31			
	2018	**2017**	**Increase (Decrease)**	**%**
Income	94,389,874	22,489,617	71,900,257	319.70%
Expenses	525,218,138	16,311,616	508,906,522	3,119.90%
Finance Income (Cost)	(6,660,631)	15,411,748	(22,072,379)	(143.22%)
Net Income (Loss)	(460,376,246)	23,549,961	(483,926,207)	(2,054.89%)

A comparative review of the Registrant's financial operations for the period ended **December 31, 2018** vis-à-vis the same period last year showed the following:

Total Income increased by P71.9M or 319.7% mainly due to gains realized on the change in fair value of investment properties. Total operating expenses likewise increased by P508.9M or 3119.9% mainly due to the loss on disposal of investment in an associate Philippine Infradev Holdings, Inc. (formerly IRC Properties Incorporated) (IRC) as result of the sale of part of shareholdings in IRC. Said sale decreased the Group's ownership interest to 11.4% as of December 31, 2018, hence, investments are reclassified to Financial Assets at Fair Value through Profit or Loss and accumulated share in net earnings of IRC recognized in the books are derecognized. A net finance costs of P6.66M resulted in 2018 due to increase in finance cost by P11.02M, increase in net foreign exchange loss of P6.6M and decrease in finance income by P4.4M. Share in net earnings of IRC registered at P7.5M for the 1st quarter of 2018 prior to the disposal of part of shareholdings and P6.8M in 2017.

Net income (loss) after tax for amounted to (P460.376 million) for 2018 and P23.55 million for 2017.

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.

Financial Position

	As of December 31			
	2018	**2017**	**Increase (Decrease)**	**%**
Current Assets	700,729,103	206,292,818	494,436,285	239.68%
Non-current Assets	402,601,546	1,480,876,565	(1,078,275,019)	(72.81%)
Total Assets	1,103,330,649	1,687,169,383	(583,838,734)	(34.60%)
Current Liabilities	284,422,791	437,359,425	(152,936,634)	(34.97%)
Non-current Liabilities	120,727,625	91,253,479	29,474,146	32.30%
Equity	698,180,233	1,158,556,479	(460,376,246)	(39.74%)

Explanation to Accounts with Material Variance (December 2018 vs. December 2017)

Current Assets
Cash amounted to P193.312 million as of December 31, 2018 as compared to P5.621 million as of December 31, 2017, or an increase of P187.7M or 3339.4% mainly due to the proceeds from the sale of IRC shares.

Financial assets at fair value through profit or loss amounted to P392.937 million as of December 31, 2018 as compared to P1.982 million as of December 31, 2017, or an increase of P390.95M or

19722.8% due to the reclassification of investments in shares of stocks of IRC from investment in an associate to financial assets at fair value through profit or loss as a result of the sale of part of the Group's shareholdings in IRC which dereased its ownership interest and the change in fair value of securities.

Notes and other receivables amounted to P111.801 million as of December 31, 2018 as compared to P196.022 million as of December 31, 2017, or a decrease of P84.22M or 42.96% mainly due to collection of notes and interest receivable from IRC.

Non-Current Assets
Investment in an associate amounted to nil as of December 31, 2018 as compared to P1,143.853 million as of December 31, 2017. The 100% decrease in the account is discussed in details in Note 5 of the Notes to the Consolidated Financial Statements.

Property and equipment, net amounted to P2.332 million as of December 31, 2018 as compared to P1.329 million as of December 31, 2017, or an increase of P1.003M or 75.4% mainly due to acquisition offset by charges for depreciation.

Investment properties amounted to P400.270 million as of December 31, 2018 as compared to P335.608 million as of December 31, 2017, or an increase of P64.66M or 19.3% due to gain on fair value as a result of the appraisal of the properties.

Current Liabilities
Borrowings amounted to P13.625 million as of December 31, 2018 as compared to P135.054 million as of December 31, 2017, or a decrease of P121.4M or 89.9% due to payment of loans.

Accounts payable and other current liabilities amounted to P19.254 million as of December 31, 2018 as compared to P42.290 million as of December 31, 2017, or a decrease of P23.04M or 54.47% largely due to repayment of accrued interest on borrowings.

Non-Current Liabilities
Deferred income tax liabilities, net amounted to P118.846 million as of December 31, 2018 as compared to P89.210 million as of December 31, 2017, or an increase of P29.7M or 33.2% due mainly to the tax effect of unrealized gain on fair value change in investment property.

Equity
Retained Earnings (Deficit) amounted to (P372.021 million) as of December 31, 2018 and P103.404 million as of December 31, 2017, or an increase in Deficit of P475.424 million attributed mainly to the net loss incurred by the company as a result of the reclassification of the disposal of the investment in an associate .

YEAR 2017

Results of Financial Operations
January to December 2017 compared with January to December 2016

	Years Ended December 31			
	2017	**2016**	**Increase (Decrease)**	**%**
Income	22,489,617	68,784,663	(46,295,046)	(67.30%)
Expenses	16,311,616	17,157,797	(846,181)	(4.93%)
Finance Income (Cost)	15,411,748	(9,506,079)	24,917,827	(262.13%)
Net Income	23,549,961	58,346,778	(34,796,817)	(59.64%)

A comparative review of the Registrant's financial operations for the period ended **December 31, 2017** vis-à-vis the same period last year showed the following:

Total Income decreased by P46.295M or 67.3% mainly due to net effect of recovery of impairment losses on investment in an associate and reversal of allowance for impairment loss recognized in 2016 vs. none in 2017. Total operating expenses decreased by P0.846M or 4.9% mainly due to decrease in salaries and employee benefits and professional fees. A net finance income of P15.411M resulted in 2017 due to decrease in finance cost by P18.7M, a net foreign exchange gain of P0.89M with a decrease in finance income by P3.25M.

Share in net earnings of IRC Properties, an associate decreased by P14.19M or 67.6% due to a lower gain on fair value change in investment property of the associate.

Net income after tax registered at P23.55 million for the year 2017 and P58.347 million for the year 2016.

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.

Financial Position

	As of December 31			
	2017	**2016**	**Increase (Decrease)**	**%**
Current Assets	206,292,818	200,939,898	5,352,920	2.66%
Non-current Assets	1,480,876,565	1,448,071,777	32,804,788	2.27%
Total Assets	1,687,169,383	1,649,011,675	38,157,708	2.31%
Current Liabilities	437,359,425	429,709,683	7,649,742	1.78%
Non-current Liabilities	91,253,479	84,416,394	6,837,085	8.10%
Equity	1,158,556,479	1,134,885,598	23,670,881	2.09%

Explanation to Accounts with Material Variance (December 2017 vs. December 2016)

Current Assets

Cash amounted to P5.621 million as of December 31, 2017 as compared to P30.050 million as of December 31, 2016, or a decrease of P24.4M or 81.3% mainly due to additional loans extended to IRC and acquisition of additional IRC shares.

Financial assets at fair value through profit or loss amounted to P1.982 million as of December 31, 2017 as compared to P2.268 million as of December 31, 2016, or a decrease of P0.286M or 12.6% due to decline in fair value of securities.

Notes and other receivables amounted to P196.022 million as of December 31, 2017 as compared to P167.236 million as of December 31, 2016, or an increase of P28.8M or 17.2% mainly due to additional notes and accrued interest receivable from IRC Properties, Inc.

Prepayments amounted to P2.668 million as of December 31, 2017 as compared to P1.385 million as of December 31, 2016, or an increase of P1.28M or 92.6% mainly due to prepaid income taxes.

Non-Current Assets
Investment in an associate amounted to P1,143.853 million as of December 31, 2017 as compared to P1,124.791 million as of December 31, 2016, or an increase of P19.062 million or 1.69%. Please refer to Note 5 of the Notes to the Consolidated Financial Statements.

Property and equipment, net amounted to P1.329 million as of December 31, 2017 as compared to P2.681 million as of December 31, 2016, or a decrease of P1.35M or 50.4% mainly due to depreciation.

Investment properties amounted to P335.608 million as of December 31, 2017 as compared to P320.453 million as of December 31, 2016, or an increase of P15.15M or 4.7% due to gain on fair value.

Other non-current assets amounted to P0.087 million as of December 31, 2017 as compared to P0.147 million as of December 31, 2016, or a decrease of P.060M or 40.8% mainly due to decrease in fair value of available for sale securities of` Mindanao Appreciation Corporation, a subsidiary.

Current Liabilities
Borrowings amounted to P135.054 million as of December 31, 2017 as compared to P135.627 million as of December 31, 2016, or a **d**ecrease of P0.573M or 0.42% due to foreign exchange translation difference.

Accounts payable and other current liabilities amounted to P44.444 million as of December 31, 2017 as compared to P36.702 million as of December 31, 2016, or an increase of P7.7M or 21.1% largely due to accrued interest on borrowings.

Non-Current Liabilities
Deferred income tax liabilities, net amounted to P89.210 million as of December 31, 2017 as compared to P84.416 million as of December 31, 2016, or an increase of P4.79M or 5.7% due to unrealized gain on fair value change in investment property.

Equity
Retained Earnings amounted to P103.404 million as of December 31, 2017 and P83.830 million as of December 31, 2016, or an increase of P19.574 million attributed mainly to the net income earned by the company for the period.

YEAR 2016

Results of Financial Operations
January to December 2016 compared with January to December 2015

	Years Ended December 31			
	2016	**2015**	**Increase (Decrease)**	**%**
Income	68,784,663	82,751,271	(13,966,608)	(16.88%)
Expenses	17,157,797	16,540,836	616,961	3.73%
Finance Income (Cost)	(9,506,079)	(22,734,210)	13,228,131	(58.19%)
Net Income	58,346,778	23,194,670	35,152,108	151.55%

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

Total Income decreased by P13.97M or 16.9% mainly due to net effect of recovery of impairment losses on investment in an associate recorded in 2016 and none in 2015 and decrease in Gain on fair value change in investment property from P75.736 million in 2015 to P17.595 million in 2016. 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.

Net income after tax registered at P58.347 million for the year 2016 and P23.195 million for the year 2015.

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.

Financial Position

	As of December 31			
	2016	**2015**	**Increase (Decrease)**	**%**
Current Assets	200,939,898	399,957,136	(199,017,238)	(49.76%)
Non-current Assets	1,448,071,777	1,358,416,402	89,655,375	6.60%
Total Assets	1,649,011,675	1,758,373,538	(109,361,863)	(6.22%)
Current Liabilities	429,709,683	600,530,280	(170,820,597)	(28.44%)
Non-current Liabilities	84,416,394	81,294,552	3,121,842	3.84%
Equity	1,134,885,598	1,076,548,706	58,336,892	5.42%

Explanation to Accounts with Material Variance (December 2016 vs. December 2015)

Current Assets

Cash amounted to P30.050 million as of December 31, 2016 as compared to P11.690 million as of December 31, 2015, or an increase of P18.4M or 157.05% mainly due to collection of receivables.

Financial assets at fair value through profit or loss amounted to P2.268 million as of December 31, 2016 as compared to P1.905 million as of December 31, 2015, or an increase of P0.36M or 19.1% due to increase in fair value of securities.

Notes and other receivables amounted to P167.236 million as of December 31, 2016 as compared to P384.793 million as of December 31, 2015, or a decrease of P217.6M or 56.5% mainly due to receipt of payments of IRC Properties, Inc.

Prepayments amounted to P1.385 million as of December 31, 2016 as compared to P1.568 million as of December 31, 2015, or a decrease of P0.183M or 11.7% mainly due to application of prepaid taxes to income tax payable.

Non-Current Assets
Investment in an associate amounted to P1,124.791 million as of December 31, 2016 as compared to P1,050.522 million as of December 31, 2015. Please refer to Note 5 of the Notes to the Consolidated Financial Statements.

Property and equipment, net amounted to P2.681 million as of December 31, 2016 as compared to P4.286 million as of December 31, 2015, or a decrease of P1.6M or 37.5% mainly due to depreciation.

Investment properties amounted to P320.453 million as of December 31, 2016 as compared to P302.858 million as of December 31, 2015, or an increase of P17.6M or 5.8% due to gain on fair value.

Other non-current assets amounted to P0.146 million as of December 31, 2016 as compared to P0.750 million as of December 31, 2015, or a decrease of P.603M or 80.4% mainly due to adjustment on deferred tax asset of Mindanao Appreciation Corporation, a subsidiary.

Current Liabilities
Borrowings amounted to P135.627 million as of December 31, 2016 as compared to P296.606 million as of December 31, 2015, or a decrease of P160.98M or 54.3% due to payments made.

Accounts payable and other current liabilities amounted to P36.702 million as of December 31, 2016 as compared to P52.164 million as of December 31, 2015, or a decrease of P15.5M or 29.6% largely due to payment of accrued interest and foreign exchange adjustments.

Non-Current Liabilities
Deferred income tax liabilities, net amounted to P84.416 million as of December 31, 2016 as compared to P81.295 million as of December 31, 2015, or an increase of P3.1M or 3.8% due to unrealized gain on fair value change in investment property.

Equity
Retained Earnings amounted to P83.830 million as of December 31, 2016 and P36.932 million as of December 31, 2015, or an increase of P46.898 million attributed mainly to the net income earned by the company during the period.

KEY PERFORMANCE AND FINANCIAL SOUNDNESS INDICATORS

Definition of Ratios

Net Profit Ratio	-	Consolidated Net Income (Loss) / Total Revenues
Return on Assets	-	Net Income / Total Assets
Return on Equity	-	Net Income / Total Stockholders' Equity
Current Ratio	-	Current Assets / Current Liabilities

Acid Test	-	Cash on hand and in banks + Financial Assets at Fair Value+ Notes and other receivables / Current Liabilities
Debt to Equity	-	Total Liabilities / Total Equity
Debt to Assets	-	Total Liabilities / Total Assets
Asset to Equity	-	Total Assets / Total Equity
Interest Coverage	-	Net Income Before Tax and Interest Expense / Interest Expense
Earnings (Loss) Per Share	-	Net Income Attributable to Equity Holders of Parent Co. / Average number of Outstanding Common Shares

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

(%)	**June 30, 2019**	**Dec. 31, 2018***	**Dec. 31, 2017***	**Dec. 31, 2016***
Net Profit Ratio	-14.8028	-4.8774	1.0471	0.8483
Return on Assets	-0.0605	-0.4173	0.0140	0.0342
Return on equity	-0.0992	-0.6594	0.0203	0.0528
Current ratio	2.2382	2.4637	0.4695	0.4676
Acid test ratio	2.2280	2.4543	0.4634	0.4644
Debt to equity	0.6399	0.5803	0.4563	0.4530
Debt to assets	0.3902	0.3672	0.3133	0.3118
Asset to equity	1.6399	1.5803	1.4563	1.4530
Interest coverage	-	-19.5018	3.8545	3.2038
Earnings (loss) per share	-0.0660	-0.4873	0.0200	0.0481

*****Audited

In general, there are no material known trends, demands, commitments, events, transactions, arrangements or items of, by or involving the Company that would require a disclosure pursuant to Part III (A)(2)(A)(i) to (vii) of Annex "C" of the Implementing Rules and Regulations of the Securities Regulation Code, to wit:

- ➢ The Registrant is not aware of any event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

- ➢ There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons, created during the reporting period.

- ➢ No material commitments for capital expenditures had been contracted by the Registrant during the reporting period and subsequent thereof.

- ➢ There are no significant element of income or loss that did not arise from the Registrant's continuing operations.

- ➢ There are no seasonal factors that have materially affected the Financial Statements of the Registrant.

D. GENERAL NATURE AND SCOPE OF BUSINESS

Mabuhay Holdings Corporation (hereinafter "Registrant" or "MHC") was incorporated on April 6, 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 the 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 million have been paid out of the P1.2 billion subscriptions.

The Registrant currently holds offices at 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. Its last annual stockholders' meeting was on July 10, 2018 and the next will be on September 24, 2019.

As of December 31, 2018, the Registrant holds directly or indirectly investments in several corporations. Two 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 Registrant and its subsidiaries and affiliates have been kept to the minimum.

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.

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. 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.

4. 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.

5. 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.

6. **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.

FOREIGN SALES.

Not applicable

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 affiliates are concentrated in the real estate business. Tagaytay Properties & Holdings Corporation and The Taal Co., Inc. each hold an inventory of real properties in strategic locations such as Tagaytay City, Batangas and Cavite. The aggregate landholdings of the Registrant's investees easily run to 17.8 hectares, many of which are in prime locations.

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

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 its investees.

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.

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

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

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

TOTAL NUMBER OF EMPLOYEES AND NUMBER OF FULL TIME EMPLOYEES. As of March 31, 2019, the Registrant has 7 employees, all rendering administrative services. Of the Company's 7 employees, 5 render support services: 2 for accounting/bookkeeping work and 3 doing office services functions while the other 2 belong to the management and administration of the Company. There is no Collective Bargaining Agreement between the employees and the Registrant and there has 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.

E. DIRECTORS AND OFFICERS - Pls. refer to SEC Form 20- IS

F. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY

Principal Market
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, 2018, MHC has received P195 million as deposits for future stock subscription. This has been

presented as liability in the Registrant's Statement of Financial Position only for the purpose of complying with Financial Reporting Bulletin No. 6 issued by SEC. It is the intention of Management to issue shares upon development of concrete plans on the improvement of the Company's operations.

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. For the year ended December 31, 2018, the Registrant may not be able to declare and pay dividends as shown in the reconciliation of Retained Earnings.

Common Equity

The shares of MHC traded along the following bands during 2019, 2018 and 2017:

	2019		**2018**		**2017**	
	High	**Low**	**High**	**Low**	**High**	**Low**
First Quarter	0.64	0.55	0.84	0.30	0.56	0.40
Second Quarter	0.82	0.51	0.77	0.55	0.455	0.395
Third Quarter			0.81	0.56	0.495	0.40
Fourth Quarter			**0.66**	0.50	0.41	0.26

The listed price of MHC shares as of July 31, 2019 is P0.77 and P0.67 as of August 9, 2019.

Stockholders

Stockholders of record as at July 31, 2019 total to one hundred ninety five (195) in number, broken down as follows:

Citizen	**No. of shares**	**Percentage**	**No. of Holders**
Filipino	835,460,840	69.62%	183
American	908,000	0.08%	7
Chinese	105,050	0.01%	2
Malaysian	50	0.00%	1
Other Alien	363,526,060	30.29%	2
Total	**1,200,000,000**	**100.00%**	**195**

Top 20 Stockholders as at July 31, 2019 all holding Common Stock**:**

	Name of Stockholder	**No. of Shares Held**	**Percentage**
1.	PCD NOMINEE CORP. (NF)	363,526,010	30.29%
2.	PROKEY INVESTMENTS LTD.	351,289,763	29.27%
3.	PCD NOMINEE CORP. (F)	322,330,988	26.86%
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.	PROSPERITY TAXI CAP CORP.	1,000,000	0.08%
10.	YAN, LUCIO W.	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 C. 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.

G. DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

The Registrant is adopting the SEC Corporate Governance Self Rating Form as a tool to evaluate the level of compliance with its Manual on Corporate Governance. In addition, the Compliance Officer reviews on a periodic basis the level of compliance of its directors, officers and employees with the leading practices and principles on good corporate governance as embodied in the Registrant's Manual and the rules and regulations that the SEC and PSE issue from time to time.

There are no material deviations on the New Manual on Corporate Governance of the Company. Also, there have been no violations of the provisions of the Registrant's New Manual on Corporate Governance and no director, officer or employee has been sanctioned by reason thereof.

The Company will regularly conduct a review of the New Manual on Corporate Governance and will adopt appropriate changes as may be required or necessary under the circumstances to improve the corporate governance of the Company.

H. UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S ANNUAL REPORT IN SEC FORM 17- A DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.

ALL REQUESTS MAY BE SENT TO THE FOLLOWING:

Mabuhay Holdings Corporation
35/F. Rufino Pacific Tower, 6784 Ayala Avenue
Makati City 1223
Attention: Ms. Gloria Georgia G. Garcia

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

SECRETARY'S CERTIFICATE

I, **DELFIN P. ANGCAO**, of legal age, Filipino, with office address at the 3rd Floor, The Valero Tower, 122 Valero Street, Salcedo Village, Makati City, after having been duly sworn to in accordance with law, do hereby depose and state that:

1. I am the duly elected and qualified Corporate Secretary of **MABUHAY HOLDINGS CORPORATION** (the "Corporation"), a corporation duly organized and existing under the laws of the Philippines with principal office address at 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Legaspi Village, Makati City, Philippines.

2. I hereby certify that none of the Corporation's Regular Directors, Independent Directors and Officers are appointed or employed in any government agency.

IN WITNESS WHEREOF, this Certificate was signed and issued this AUG 0 5 2019 day of August 2019 at Makati City, Philippines.

DELFIN P. ANGCAO
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in the City of Makati, Philippines, this AUG 0 5 2019, 2019, affiant who is personally known to me and whose identity I have confirmed through his Passport No. P0113420A, issued at Manila on August 31, 2016, bearing the affiant's photograph and signature, and who showed to me his Community Tax Certificate No. No. 04221166 issued on February 19, 2019 at Makati City.

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Page No. 6
Book No. XI
Series of 2019.

DAISY MARGARET V. DUCEPEC
NOTARY PUBLIC
ROLL NO. 70138
MAKATI CITY, PHILIPPINES

DAISY MARGARET V. DUCEPEC
Appointment No. M-29
Notary Public for Makati City
Until December 31, 2020
Castillo Laman Tan Pantaleon
& San Jose Law Firm
The Valero Tower, 122 Valero Street
Salcedo Village, Makati City
PTR No. 7333543;01-03-2019;Makati City
IBP No. 060017;01-03-2019;Makati Chapter
Roll No. 70138

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RODRIGO B. SUPEÑA,** Filipino, of legal age and a resident of 1423B Tower D Two Serendra, Mckinley Parkway Bonifacio Global City, Taguig, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of MABUHAY HOLDINGS CORPORATION (the "Company") and have been its independent director since 2009.

2. I am not affiliated to any other Company, private or government institution.

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any director/officer/substantial shareholder of the Company and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service/affiliated with a government agency or GOCC) as would require written permission or consent from the head of the agency/department for me to be an independent director of the Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this _____ day of _____, at _____.

RODRIGO B. SUPEÑA
Affiant

SUBSCRIBED AND SWORN to before me this AUG 0 5 2019 day of _____ at MAKATI CITY, affiant personally appeared before me and exhibited to me his Senior Citizen ID No. 1993631 issued at Makati City on July 2002.

Doc. No. 212;
Page No. 44;
Book No. XXVI;
Series of 2019.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2019
IBP No. 656155-Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-183-(2019-2020)
PTR No. 7333104 Jan. 3, 2019
Makati City Roll No. 40091
131 Urban Ave. Campos Rueda Bldg.
Brgy. Sto Del Pilar, Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **STEVEN G. VIRATA,** Filipino, of legal age and a resident of 308 Bougainvilla St., Alabang Village, Alabang, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of MABUHAY HOLDINGS CORPORATION (the "Company") and have been its independent director since 2001.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Omni Aviation Corp.	President, COO and Director	2013 to present
Omni Asia Tristar Holding, Inc.	Director	2014 to present
Omnipark Global Resources, Inc.	President, Director	2014 to present
C. Virata and Associates	Director	2001 to present
Segovia & Co.	Treasurer, Director	2014 to present
Intellicon, Inc.	Treasurer, Director	2014 to present
ATAR-IV, Inc.	Director	2005 to present
DXD Equestrian Specialist Inc	President, Director	2015
Chilco Holdings, Inc.	Director	2003 to present
V.L. Araneta Properties, Inc.	Director and EVP	2005 to present
RPMC Resources, Inc.	Treasurer, Director	2012 to present
FEATI University	Treasurer, Director	2013 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am NOT related to any director/officer/substantial shareholder of the Company and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or affiliated with a government agency or a GOCC as would require written permission or consent from the head of the agency/department for me to be an independent director of the Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this _____ day of _____, at _____.

STEVEN G. VIRATA
Affiant

SUBSCRIBED AND SWORN to before me this AUG 1 5 2019 day of _____ at _____, affiant personally appeared before me and exhibited to me his/her _____ issued at _____ on _____.

Doc. No. 448;
Page No. 91;
Book No. XXVI;
Series of 2019.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2019
IBP No. 656155-Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-183-(2019-2020)
PTR No. 7333104 Jan. 3, 2019
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

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, 2018 and 2017,** 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., 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 12th day of April 2019.

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY)

SUBSCRIBED AND SWORN TO before me, a Notary Public, for and in Makati City, this APR 15 2019 day of April 2019 affiants exhibiting to me their Community Tax Certificates/Passport, as follows:

Affiant	**CTC No. / Passport No.**	**Date of Issue**	**Place of Issue**
Roberto V. San Jose	P1329913A	Dec. 20, 2016	DFANCR South
Esteban G. Peña Sy	P8276657A	August 09, 2018	DFANCR Central
Gloria Georgia G. Garcia	P8316836A	August 01, 2018	DFANCR North East

ATTY. GERVACIO B. ORTIZ JR
Notary Public Makati City
Until Dec. 31, 2019
Appointment No. M-183 (2019-2020)
PTR No. 7333104 Jan. 3, 2019/Makati
IBP Lifetime No. 656155 Roll No. 40091
MCLE Compliance No. V-0006934
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

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Series of 2019

SEC Registration Number

0	0	0	0	0	1	5	0	0	1	4

COMPANY NAME

MABUHAY HOLDINGS CORPORATION

PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

35TH FLOOR

RUFINO PACIFIC TOWER

6784 AYALA AVENUE

MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, if Applicable
AFS	SEC	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
mabuhayholdings@yahoo.com	750-2000	

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
GLORIA GEORGIA G. GARCIA	ghiegarcia71@yahoo.com	750-2000	

CONTACT PERSON's ADDRESS

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

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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.

Mabuhay Holdings Corporation and Subsidiaries

Consolidated Financial Statements
As at December 31, 2018 and 2017 and for each of the three years in the period ended December 31, 2018

pwc

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, 2018 and 2017, and the consolidated financial performance and consolidated cash flows for each of the three years in the period ended December 31, 2018 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, 2018 and 2017;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2018;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2018;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2018; 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.

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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.

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 audits is as follows:

Key Audit Matter	**How our audits 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 23.1 for discussion on critical accounting estimates and assumptions. This is an area of focus mainly due to the materiality of the account and volatility of the market. As at December 31, 2018, total investment properties, carried at fair value amounts to P400.27 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 2018, the Group recognized a fair value gain amounting to P64.66 million. This is based on the report prepared by an independent appraiser engaged by the Group 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 prepared by third party and reviewing the appropriateness of the method and reasonableness of the significant assumptions and estimates used in calculating the fair value. In particular, audit evidence 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 by reviewing their profile, qualifications, client portfolio and business relationship with the Group. The current year adjustment relating to the valuation of investment properties was discussed and agreed with management.

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 for the year ended December 31, 2018, but do 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.

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.

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.

Imelda Ronnie de Guzman-Castro
Partner
CPA Cert. No. 89352
P.T.R. No. 0011287; issued on January 8, 2019 at Makati City
SEC A.N. (individual) as general auditors PA-A-829-A, Category A; effective until July 12, 2019
SEC A.N. (firm) as general auditors 0009-FR-5, Category A; effective until June 20, 2021
T.I.N. 152-015-095
BIR A.N. 08-000745-44-2018; issued on October 19, 2018; effective until October 18, 2021
BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City
April 12, 2019

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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, 2018, on which we have rendered the attached report dated April 12, 2019. 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, 2018 and the Reconciliation of Retained Earnings Available for Dividend Declaration, as additional components required by Rule 68 of the Securities Regulation Code, and Schedules A, B, C, D, E, F, G, and H, as required by 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 8, 2019 at Makati City
SEC A.N. (individual) as general auditors PA-A-829-A, Category A; effective until July 12, 2019
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Mabuhay Holdings Corporation and Subsidiaries

Consolidated Statements of Financial Position
December 31, 2018 and 2017
(All amounts in Philippine Peso)

	Notes	2018	2017
ASSETS			
Current assets			
Cash	2	193,312,456	5,620,579
Financial assets at fair value through profit or loss	3	392,936,944	1,982,245
Notes and other receivables, net	4	111,800,706	196,021,880
Prepayments and other current assets	13	2,678,997	2,668,114
Total current assets		700,729,103	206,292,818
Non-current assets			
Available-for-sale financial assets		-	87,031
Investment in an associate	5	-	1,143,852,981
Property and equipment, net	6	2,331,546	1,329,008
Investment properties	7	400,270,000	335,607,545
Total non-current assets		402,601,546	1,480,876,565
Total assets		1,103,330,649	1,687,169,383
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and other current liabilities	8	19,254,241	42,290,312
Income tax payable		76,315	109,536
Borrowings	9	13,624,642	135,054,491
Advances from related parties	15	9,002,267	17,439,760
Provision for litigation claims	19	47,770,052	47,770,052
Deposits for future share subscriptions	10	194,695,274	194,695,274
Total current liabilities		284,422,791	437,359,425
Non-current liabilities			
Provision for retirement benefits	18	1,881,793	2,043,750
Deferred income tax liabilities, net	13	118,845,832	89,209,729
Total non-current liabilities		120,727,625	91,253,479
Total liabilities		405,150,416	528,612,904
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 (Deficit)		(372,020,560)	103,404,207
		544,885,629	1,020,310,396
Non-controlling interest		153,294,604	138,246,083
Total equity		698,180,233	1,158,556,479
Total liabilities and equity		1,103,330,649	1,687,169,383

The notes on pages 1 to 42 are an integral part of these financial statements.

Mabuhay Holdings Corporation and Subsidiaries

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2018
(All amounts in Philippine Peso)

	Notes	2018	2017	2016
Income				
Gain on fair value change in investment properties	7	64,662,455	15,154,545	17,595,000
Rental income	7	7,493,144	7,308,941	7,154,721
Gain on disposal of assets	3	260,977	13,500	62,395
Dividend income		16,313	12,631	69,767
Recovery of impairment losses on investment in an associate	5	-	-	37,857,178
Reversal of allowance for impairment loss	4	-	-	5,436,501
Unrealized gain on revaluation of securities	3	-	-	609,101
Other income	9	21,956,985	-	-
		94,389,874	22,489,617	68,784,663
Expenses				
Loss on disposal of investment in an associate	5	(412,815,027)	-	-
Unrealized loss on revaluation of securities	3	(88,356,620)	(211,755)	-
Salaries and employee benefits	17	(5,707,970)	(5,697,922)	(5,904,050)
Meeting expenses		(4,411,666)	(2,157,447)	(1,035,909)
Professional fees		(1,596,520)	(1,549,975)	(2,316,503)
Depreciation	6	(1,187,641)	(1,405,528)	(1,690,384)
Other expenses	7,12	(11,142,694)	(5,288,989)	(6,210,951)
		(525,218,138)	(16,311,616)	(17,157,797)
Income (loss) from operations		(430,828,264)	6,178,001	51,626,866
Finance income (cost), net				
Interest income	2,4	20,037,792	24,470,068	27,721,962
Foreign exchange gain (loss), net	22.1	(5,726,068)	891,507	(8,583,804)
Interest expense	9	(20,972,355)	(9,949,827)	(28,644,237)
		(6,660,631)	15,411,748	(9,506,079)
Share in net earnings of an associate	5	7,517,176	6,811,616	21,006,048
Income (loss) before income tax		(429,971,719)	28,401,365	63,126,835
Provision for income tax	13	(30,404,527)	(4,851,404)	(4,780,057)
Net income (loss) for the year		(460,376,246)	23,549,961	58,346,778
Other comprehensive income (loss)				
Item that may be reclassified to profit or loss				
Changes in fair value of available-for-sale financial assets		-	28,389	(6,789)
Item that will not be reclassified to profit or loss				
Share in other comprehensive gain (loss) of an associate	5	-	92,531	(3,097)
		-	120,920	(9,886)
Total comprehensive income (loss) for the year		(460,376,246)	23,670,881	58,336,892
Basic and diluted earnings (loss) per share attributable to shareholders of the Parent Company	14	(0.4873)	0.0200	0.0481
Net income (loss) attributable to:				
Shareholders of the Parent Company		(475,424,767)	19,481,795	46,901,151
Non-controlling interest		15,048,521	4,068,166	11,445,627
		(460,376,246)	23,549,961	58,346,778
Total comprehensive income (loss) attributable to:				
Shareholders of the Parent Company		(475,424,767)	19,574,326	46,898,054
Non-controlling interest		15,048,521	4,096,555	11,438,838
		(460,376,246)	23,670,881	58,336,892

The notes on pages 1 to 42 are an integral part of these financial statements.

Mabuhay Holdings Corporation and Subsidiaries

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2018
(All amounts in Philippine Peso)

	Shareholders of the Parent Company				
	Share capital (Note 11)	Treasury shares (Note 11)	Retained earnings (Deficit)	Non-controlling interest	Total
Balances as at January 1, 2016	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 as at December 31, 2016	975,534,053	(58,627,864)	83,829,881	134,149,528	1,134,885,598
Comprehensive income					
Net income for the year	-	-	19,481,795	4,068,166	23,549,961
Other comprehensive income for the year	-	-	92,531	28,389	120,920
Total comprehensive income for the year	-	-	19,574,326	4,096,555	23,670,881
Balances as at December 31, 2017	975,534,053	(58,627,864)	103,404,207	138,246,083	1,158,556,479
Comprehensive income (loss)					
Net income (loss) for the year	-	-	(475,424,767)	15,048,521	(460,376,246)
Other comprehensive income for the year	-	-	-		-
Total comprehensive income (loss) for the year	-	-	(475,424,767)	15,048,521	(460,376,246)
Balances as at December 31, 2018	975,534,053	(58,627,864)	(372,020,560)	153,294,604	698,180,233

The notes on pages 1 to 42 are an integral part of these financial statements.

Mabuhay Holdings Corporation and Subsidiaries

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2018
(All amounts in Philippine Peso)

	Notes	2018	2017	2016
Cash flows from operating activities				
Income (loss) before income tax		(429,971,719)	28,401,365	63,126,835
Adjustments for:				
Loss on disposal of investment in an associate	5	412,815,027	-	-
Unrealized loss (gain) on revaluation of securities	3	88,356,620	211,755	(609,101)
Interest expense	9	20,972,355	9,949,827	28,644,237
Depreciation	6	1,187,641	1,405,528	1,690,384
Allowance for impairment loss	12	464,215	-	-
Recovery of impairment losses on investment in an associate	5	-	-	(37,857,178)
Write-off of prepaid tax	12	-	-	528,474
Reversal of allowance for impairment loss	4	-	-	(5,436,501)
Write-off of other non-current assets	12	-	88,300	-
Dividend income		(16,313)	-	-
Provision for retirement obligation	18	(161,957)	1,372,281	-
Unrealized foreign exchange loss (gain)	22.1	(167,035)	(820,144)	9,037,062
Gain on disposal of assets	3	(260,977)	(13,500)	(62,395)
Share in net earnings of an associate	5	(7,517,176)	(6,811,616)	(21,006,048)
Interest income	2,4	(20,037,792)	(24,470,068)	(27,721,962)
Gain on fair value change in investment properties	7	(64,662,455)	(15,154,545)	(17,595,000)
Operating income (loss) before working capital changes		1,000,434	(5,840,817)	(7,261,193)
Decrease (increase) in:				
Notes and other receivables		(1,444,719)	(4,252,207)	284,349
Prepayments and other current assets		(532,126)	732,904	(345,444)
Other non-current assets		-	-	(5)
Increase (decrease) in:				
Advances from related parties		(8,437,493)	2,524,644	5,620,200
Accounts payable and other current liabilities		(29,787,284)	(2,880,401)	(7,995,484)
Cash absorbed by operations		(39,201,188)	(9,715,877)	(9,697,577)
Interest received	2	239,471	26,693	109,464
Dividend received		16,313	-	-
Income tax paid		(409,775)	(2,492,577)	(1,248,096)
Net cash used in operating activities		(39,355,179)	(12,181,761)	(10,836,209)
Cash flows from investing activities				
Proceeds from disposal of an associate	5	284,829,514	-	-
Interest received	4	60,033,495	-	142,444,937
Collection of notes receivable	4	44,966,505	-	107,876,522
Additional investment in an associate	5	-	(12,158,054)	(15,408,678)
Proceeds from disposal of securities		2,404,458	-	308,395
Acquisition of securities	3	(7,129,443)	(2,010)	-
Acquisition of property and equipment	6	(2,190,179)	(91,851)	(85,442)
Net cash provided by (used in) investing activities		382,914,350	(12,251,915)	235,135,734
Cash flows from financing activities				
Payment of interest	9	(34,604,480)	-	(32,587,466)
Payment of borrowings	9	(121,429,849)	-	(173,015,388)
Net cash used in financing activities		(156,034,329)	-	(205,602,854)
Net increase (decrease) in cash for the year		187,524,842	(24,433,676)	18,696,671
Cash as at January 1		5,620,579	30,049,875	11,690,375
Effect of exchange rates on cash		167,035	4,380	(337,171)
Cash as at December 31	2	193,312,456	5,620,579	30,049,875
Non-cash transaction from investing activity				
Reclassification of investment in securities to financial assets at FVPL	3	474,325,358	-	-

The notes on pages 1 to 42 are an integral part of these financial statements.

Mabuhay Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements
As at December 31, 2018 and 2017 and
for each of the three years in the period ended December 31, 2018
(In the Notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

(a) Corporate information

Mabuhay Holdings Corporation (the "Parent Company") was incorporated in the Philippines on April 6, 1988 primarily to engage in the acquisition and disposal of investments in marketable securities, shares of stock and real estate properties. The Company is 29.85 % owned by Asia Development Capital Co. Ltd., a company incorporated and registered in Tokyo, Japan on February 7, 1922 to engage in the sale, development, brokerage, and leasing of real estate properties. The remaining 70.15% is owned by various individuals and corporations.
The Company's common shares were listed in the Philippines 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's registered office and principal place of business is at 35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

The Parent Company has 7 employees as at December 31, 2018 (2017 - 8).

The consolidated financial statements have been approved and authorized for issue by the Board of Directors on April 12, 2019.

(b) Status of operations

The Group has incurred a consolidated net loss of P460,376,246 for the year ended December 31, 2018 which resulted in a deficit amounting to P372,020,560.

For the past years, the Group's main focus was to support the projects of its then main associate, Philippine Infradev Holdings, Inc. (formerly IRC Properties Incorporated) (IRC), by assisting it to secure funding for its 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.

In 2018, the Group sold a significant part of its shareholding in IRC. The one-time effect on the sale of its shares in IRC, which resulted in a loss on disposal of P412.82 million, contributed mainly to the consolidated net loss and deficit position of the Group.

The Group plans to use the proceeds from the sale of IRC shares to acquire properties for rental purposes and concentrate on this as its main short-term operating activity. Management believes that this move is strategic and will be beneficial for the Group in the long run. The Group intends to become more liquid and flexible while pursuing bigger urban real property development projects.

The following comprise the Group's short-term and long-term plans:

1. To acquire developed properties with the intention of converting such properties for lease operations;
2. To acquire properties for development and to lease these properties;
3. To continue to retain its investment in stocks of IRC for capital appreciation and eventual cash flows from future dividend declarations; and
4. To continue to retain its investment properties for appreciation, and to plan for the possible development of the prime properties.

The planned acquisitions of rental yielding properties are expected to generate sustained cash inflows to support the Group's operations. Moreover, the remaining investment in IRC is expected to generate substantial dividend yield in the future upon completion of IRC's real estate projects in Binangonan, and the construction and operation of the Makati Subway System under the Public-Private Partnership Program of the Makati City Government.

The above plans will contribute to improve the results of operation of the Group in the following years. Accordingly, the Group's consolidated financial statements have been prepared on a going concern basis.

Note 2 - Cash

Cash as at December 31 consist of:

	2018	2017
Cash on hand	15,000	15,000
Cash in bank	193,297,456	5,605,579
	193,312,456	5,620,579

Cash in bank earns interest at the prevailing bank deposit rates 0.13% per annum in 2018 and 2017. Interest income from cash in bank for the year ended December 31, 2018 amounted to P239,471 (2017 - P26,693; 2016 - P109,464).

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

Movements in financial assets at fair value through profit or loss (FVPL) for the years ended December 31 are as follows:

	2018	2017
Balance as at January 1	1,982,245	2,268,490
Reclassification	474,325,358	-
Additions	7,129,443	2,010
Disposals	(2,143,482)	(76,500)
Loss on revaluation of securities	(88,356,620)	(211,755)
Balance as at December 31	392,936,944	1,982,245

The account as at December 31, 2018 and 2017 consists of listed equity shares with fair value based on current bid prices in an active market (Level 1 valuation). Changes in fair value are recorded in unrealized gain (loss) on revaluation of securities in profit or loss.

In 2018, the Group reclassified its investments in IRC shares previously held as an investment in an associate to financial asset at FVPL with a carrying amount of P472,694,834 (Note 5) and its available for sale securities with fair value of P1,630,524.

In 2018, the Parent Company subscribed to additional stock rights with a total cost of P7,129,443 (2017 - P2,010).

In 2018, the Parent Company sold listed equity shares with fair value of P2,143,482 (2017 - P76,000) resulting in a gain of P260,977 (2017 - P13,500). The proceeds for both years were collected in 2018.

The Group's investment in shares of stock in IRC is used as collateral for the Group's borrowings with a related party (Note 9).

Note 4 - Notes and other receivables, net

Notes and other receivables, net as at December 31 consist of:

	Note	2018	2017
Notes receivable, including interest	15	104,149,336	189,351,013
Advances and other receivables		4,536,335	1,697,123
Rent receivable	15	2,934,745	3,815,168
Due from related parties	15	180,290	1,158,576
		111,800,706	196,021,880

Notes receivable represent loans granted to IRC without definite payment terms and bear annual interest rates ranging from 12% to 18%. The account also includes accrued interest receivable of P10.12 milion (2017 - P50.36 milion). Total interest income currently recognized from these loans amounted to P19.80 million (2017 - P24.44 million; 2016 - P27.61 million). These loans are due and demandable.

In 2018, IRC paid off portion of the notes receivable amounting to P105.00 million of which P60.03 million pertains to payment of interest. There were no collections in 2017.

In 2017, IRC issued an additional promissory note amounting to P3 million with a 15% interest rate per annum.

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

	2018	2017
Balance as at January 1	138,993,378	135,993,378
Additional principal	-	3,000,000
Receipt of principal amount	(44,966,505)	-
Balance as at December 31	94,026,873	138,993,378

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

	2018	2017
Balance as at January 1	50,357,635	25,914,260
Interest income	19,798,321	24,443,375
Interest received	(60,033,495)	-
Balance as at December 31	10,122,461	50,357,635

Due to the collection in 2016, the allowance for impairment loss on the loans amounting to P5.44 million was reversed since management assessed that recovery of the full balance is probable resulting from the current development in IRC's operations.

Note 5 - Investment in an associate

Details of the account as at December 31 which pertains to the investment in shares of stock of IRC are as follows:

	2018	2017
Acquisition cost		
Cost at January 1	635,157,306	622,999,252
Share acquisitions		12,158,054
Disposal	(386,921,034)	-
Reclassification	(248,236,272)	-
Balance at December 31	-	635,157,306
Accumulated share in net income		
Balance at January 1	667,400,794	660,496,647
Share in net earnings	7,517,176	6,811,616
Share in other comprehensive income	-	92,531
Disposal	(381,451,590)	-
Reclassification	(293,466,380)	-
Balance at December 31	-	667,400,794
Allowance for impairment loss		
Balance at January 1	(158,705,119)	(158,705,119)
Disposal	89,697,301	-
Reclassification	69,007,818	-
Balance at December 31	-	(158,705,119)
Total	-	1,143,852,981

In 2017, the Group purchased additional 9,264,000 (2016 - 9,799,000) IRC shares amounting to P12.16 million (2016 - P15.41 million) which increased the Group's effective ownership interest in IRC shares to 29.62% (2016 - decreased to 28.44%).

In 2018, the Group sold 222,200,000 IRC shares for P284.83 million, resulting in a net loss on disposal amounting to P412.82 million (net of applicable charges). The sale of IRC shares resulted in a decrease in the Group's interests in IRC to 11.40%. The decrease in ownership resulted in the reclassification of the investment in an associate to financial assets at FVPL (Note 3). There were no disposals in 2017 and 2016.

In 2016, the Group recognized a recovery of impairment losses amounting to P37.86 million on its investment in IRC due to the current developments in IRC's operations.

The fair value of the Group's investment in shares of stocks in IRC as at December 31, 2017 is P278.38 million (P0.72/share) (2016 - 760.40 million; P1.22/share).

The Group's investment in shares of stock in IRC is used as collateral for the Group's borrowings with a related party (Note 9).

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 its 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 year ended December 31, 2017 are as follows:

	2017
Total current assets	1,163
Total non-current assets	2,566
Total assets	3,729
Total current liabilities	(567)
Total non-current liabilities	(1,301)
Total liabilities	(1,868)
Net assets	1,861

	2017	2016
Income	196	225
Expenses	(166)	(121)
Income before tax	30	104
Provision for income tax	(7)	(30)
Net income	23	74
Other comprehensive income	-	-
Total comprehensive income	23	74
Cash flows provided by (used in):		
Operating activities	8	(31)
Investing activities	1	(2)
Financing activities	(30)	47
Net cash inflow (outflow)	(21)	14

In 2017, the Group has 29.62% or P551.52 million effective ownership in IRC (2016 - 28.44%; P522.73 million). The difference from P1.14 million (2016 - P1.13 million) arises from the fair value adjustment of non-depreciable non-current asset.

Note 6 - Property and equipment, net

Details and movements of property and equipment as at and for the year ended December 31 are as follows:

	Furniture and fixtures	Office equipment	Communication and other equipment	Office condominium	Transportation equipment	Building improvements	Total
Cost							
Balances as at January 1, 2017	1,662,116	799,274	170,444	13,746,305	5,277,679	3,859,242	25,515,060
Additions	-	14,881	14,738	-	62,232	-	91,851
Disposals	-	(53,563)	-	-	-	-	(53,563)
Balances as at December 31, 2017	1,662,116	760,592	185,182	13,746,305	5,339,911	3,859,242	25,553,348
Additions	-	-	-	-	2,190,179	-	2,190,179
Balances as at December 31, 2018	1,662,116	760,592	185,182	13,746,305	7,530,090	3,859,242	27,743,527
Accumulated depreciation							
Balances as at January 1, 2017	1,662,116	644,885	170,444	12,516,463	4,898,215	2,941,882	22,834,005
Depreciation	-	41,383	983	593,727	389,837	379,598	1,405,528
Disposals	-	(15,193)	-	-	-	-	(15,193)
Balances as at December 31, 2017	1,662,116	671,075	171,427	13,110,190	5,288,052	3,321,480	24,224,340
Depreciation	-	28,220	2,949	508,908	267,967	379,597	1,187,641
Balances as at December 31, 2018	1,662,116	699,295	174,376	13,619,098	5,556,019	3,701,077	25,411,981
Net book values							
December 31, 2017	-	89,517	13,755	636,115	51,859	537,762	1,329,008
December 31, 2018	-	61,297	10,806	127,207	1,974,071	158,165	2,331,546

The amount of fully depreciated assets still in use amounted to P7.72 million (2017 - P7.71 million). Depreciation expense of P1.19 million (2017 - P1.41 million; 2016 - P1.69 million) is charged to expenses.

There were no gains or loss for disposals made in 2017. Proceeds were offset against payable to an employee. There were no disposals in 2018.

As at December 31, 2018 and 2017, management assessed that there were no indicators present that would otherwise require an assessment and subsequent recognition of impairment for its property and equipment.

There are no property and equipment pledged as collateral for borrowings as at December 31, 2018 and 2017 (Note 9).

Note 7 - Investment properties

The Group's investment properties include several parcels of land and a commercial 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 676 square meters, is being leased out to third parties by the Parent Company (Note 16). In 2018, income from this property amounting to P7.49 million (2017 - P7.31 million; 2016 - P7.15 million) was presented as rental income in profit or loss. Direct expenses incurred for this investment property amounted to P1.13 million (2017 - P1.27 million; 2016 - P1.40 million) which were recorded in communication, light and water, repairs and maintenance, association dues, taxes and licenses, and insurance under other expenses (Note 12).

The following amounts have been recognized in profit or loss:

	Note	2018	2017	2016
Rental income	16	7,493,144	7,308,941	7,154,721
Operating expenses arising from investment properties that generate rental income		(1,130,447)	(1,265,063)	(1,404,600)
		6,362,697	6,043,878	5,750,121

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

	2018	2017	2016
Balance as at January 1	335,607,545	320,453,000	302,858,000
Fair value gains	64,662,455	15,154,545	17,595,000
Balance as at December 31	400,270,000	335,607,545	320,453,000

The fair value of investment properties is determined on the basis of appraisal made by an external appraiser duly certified by the management (Level 3 valuation). Valuation methods employed by the appraisers mainly include the market data approach (Note 23.1). As at December 31, 2018, the cumulative fair value gain amounted to P390.3 million (2017 - P325.6 million).

Note 8 - Accounts payable and other current liabilities

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

	Note	2018	2017
Accounts payable and accrued expenses		15,970,652	4,768,371
Accrued interest on borrowings	9	3,179,506	37,428,760
Withholding taxes		101,583	5,495
Subscription payable		2,500	2,500
Others		-	85,186
		19,254,241	42,290,312

Accounts payable and accrued expenses represent third party payables and accruals on employee benefits, legal and other professional fees all payable on demand.

Note 9 - Borrowings

Borrowings as at December 31 consist of:

	Note	2018	2017
Third party		-	15,732,799
Related party	15	13,624,642	119,321,692
		13,624,642	135,054,491

The net debt reconciliation as at December 31 is presented below:

	Note	2018	2017
Borrowings as at January 1		135,054,491	135,627,442
Changes arising from:			
Cash flows		(121,429,849)	-
Non-cash flows		-	(572,951)
Borrowings as at December 31		13,624,642	135,054,491
Cash as at December 31	2	(193,312,456)	(5,620,579)
Net debt as at December 31		(179,687,814)	129,433,912

In 2013, the Parent Company entered into various loan agreements with a related party, Asia Development Capital Limited (ADCL), a company incorporated in Tokyo, Japan and with a third party creditor, incorporated in Hong Kong. The borrowings bear interest rates of 11% per annum for the years ended December 31, 2018 and 2017 and are payable on demand. These borrowings are secured by the Group's investment in shares of stock of IRC (Notes 3 and 5).

In 2018, the Parent Company paid in full the principal and interest of the loan to a related party and a third party creditor amounting to P179.81 million of which P121.43 million pertains to payment of principal. Total accrued interest paid amounted to P34.60 million while the remaining P23.78 million was condoned by the third-party creditor. The Parent Company shouldered the payment of the donor's tax amounting to P1.86 million as part of the condonation agreement. The net gain amounting to P21.92 million is recognized in profit or loss under other income.

Interest expense incurred from these borrowings amounts to P20.97 million for the year ended December 31, 2018 (2017 - P9.95 million; 2016 - P28.64 million). There was no qualifying asset in 2018 and 2017.

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

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 2018 and 2017.

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 Group (Note 1).

Note 11 - Equity

Share capital as at December 31, 2018 and 2017 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.

No collection occurred during 2018 and 2017 with regard to the outstanding subscription receivable.

As at December 31, 2018, there are 191 (2017 - 192) 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:

	2018	2017	2016
Taxes and licenses	6,045,137	955,628	936,666
Transportation and travel	1,796,804	1,171,378	1,199,621
Office supplies	712,433	734,853	510,092
Communication, light and water	570,792	537,343	541,777
Allowance for impairment losses	464,215	-	-
Association dues	395,343	387,901	377,695
Security services	373,308	373,308	1,462,121
Repairs and maintenance	202,019	624,467	266,536
Insurance	212,796	196,347	174,642
Postage	6,558	3,074	42,004
Write-off of prepaid tax	-	-	528,474
Write-off of other non-current assets	-	88,300	-
Miscellaneous	363,289	216,390	171,323
	11,142,694	5,288,989	6,210,951

In 2018, the Parent Company paid taxes in relation to the settlement of its borrowings (Note 9) and documentary stamp taxes on the sale of IRC investments (Note 5) totaling P4.57 million.

Note 13 - Income taxes

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

	2018	2017	2016
Current	376,554	2,449,868	425,474
Deferred	30,027,973	2,401,536	4,354,583
	30,404,527	4,851,404	4,780,057

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

	2018	2017
Recoverable within 12 months		
Unrealized gain on revaluation of securities	2,357,622	-
Unrealized foreign exchange loss, net	50,110	(8,354,686)
Deferred rental income	(813,904)	(482,726)
	1,593,828	(8,837,412)
Recoverable beyond 12 months		
Fair value gain on investment property	118,250,117	98,047,141
Fair value change in investment	87,669	-
Provision for retirement benefits	(564,539)	-
	117,773,247	98,047,141
Minimum corporate income tax (MCIT)	(521,243)	-
	118,845,832	89,209,729

All movements in deferred income tax are charged to profit or loss except for those pertaining to other comprehensive income. Deferred income tax expense on other comprehensive income 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 net operating loss carry-over (NOLCO) for the year ended December 31, 2018 amounting to P48.99 million (2017 - P1.45 million; 2016 - P14.44 million). However, the related deferred income tax asset of P14.70 million (2017 - P434 thousand; 2016 - P4.33 million) was not recognized since the probability that those benefits would be utilized through future taxable profits is uncertain.

The details of NOLCO as at December 31, which could be carried over as deductible expense from taxable income for three (3) consecutive years following the year of incurrence are as follows:

Year of incurrence	Year of expiration	2018	2017
2018	2021	48,996,322	-
2017	2020	1,446,774	1,446,774
2016	2019	14,435,333	14,435,333
2015	2018	-	27,799,410
Total NOLCO		64,878,429	43,681,517
Deferred income tax assets not recognized at 30%		19,463,529	13,104,455

In compliance with the Tax Reform Act of 1997, the Group is required to pay the (MCIT) or the normal income tax, whichever is higher. The details of the MCIT that can be carried forward on an annual basis and credited against normal income tax payable within three (3) immediately succeeding years from the period when the MCIT was paid are presented below:

Year of incurrence	Year of expiration	2018	2017
2018	2021	529,818	-
2017	2020	-	2,402,445
2016	2019	-	636,033
2015	2018	-	933,094
		529,818	3,971,572
Unrecognized deferred income tax asset on MCIT		(8,575)	(1,579,773)
Applied		-	(2,391,799)
Recognized deferred income tax asset		521,243	-

In 2016, the MCIT was charged to provision for income tax in the expectation that the Group will not be able to generate taxable income against which this can be applied.

In 2017, the Group applied MCIT amounting to P2,391,799 resulting in a prepaid tax of P1,678,788 recorded under prepayments and other current assets.

In 2018, the Group recognized additional MCIT amounting to P521,423 as part of deferred income tax. The payable amount is offset against prepaid tax under prepayments and other current assets.

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

	2018	2017	2016
Income before income tax	(429,971,720)	28,401,365	63,126,835
Tax on pretax income at 30%	(128,991,516)	8,520,410	18,938,051
Non-deductible expenses	199,947,977	609,935	654,530
Unrecognized deferred income tax assets on NOLCO and MCIT	14,698,897	434,031	4,966,633
Unrecognized MCIT in a Subsidiary	8,575	-	-
Applied MCIT	-	(2,391,799)	-
Recovery of impairment loss	-	-	(11,357,153)
Non-taxable income	(1,983,552)	(3,789)	(1,852,999)
Share in net earnings of an associate	(2,255,153)	(2,043,485)	(6,301,814)
Adjustment for income subjected to lower tax rates	(51,020,701)	(265,941)	(267,191)
Others	-	(7,958)	-
	30,404,527	4,851,404	4,780,057

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

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

	2018	2017	2016
Net income (loss) attributable to the shareholders of Parent Company	(475,424,767)	19,481,795	46,901,151
Divided by the average number of outstanding common shares	975,534,053	975,534,053	975,534,053
Earnings (loss) per share - basic and diluted	(0.4873)	0.0200	0.0481

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 and for the year ended December 31, 2018.

		2018		
	Notes	Transactions	Outstanding balances	Terms and conditions
Due from				
Entities under common control				
Intrinsic Value Management (IVM)				Unsecured, non-interest bearing, with no guarantee and collectible in cash on demand.
Philippine Strategic International Holdings, Inc.(PSIHI)				
South China Holdings Corporation (SCHC)	4	-	180,290	
Borrowings from				
Entity under common control (IVM)	9	-	(13,624,642)	Unsecured, non-interest bearing, with no guarantee and payable in cash on demand.
Advances from				
Entities under common control				
IVM, PSIHI		8,437,493	9,002,267	
Salaries and employee benefits				These are determined based on contract of employment and payable in cash in accordance with the Group's payroll period. These were fully paid at reporting date.
Key management personnel		2,820,000	-	

In 2018, the Group sold some of its investments in IRC (Note 5). Consequently, the Group ceased its significant influence over IRC following the divestment.

The table below summarizes the Group's transactions and balances with its related parties as at and for the year ended December 31, 2017.

		2017		
	Notes	Transactions	Outstanding balances	Terms and conditions
Associate (IRC)				Unsecured, interest bearing receivables ranging from 12% to 18%, with no guarantee and collectible in cash on demand.
Notes receivable		3,000,000	138,993,378	
Accrued interest				
Interest income		24,443,375	50,357,635	
	4		189,351,013	
Rent receivable	4,16	1,467,372	3,815,168	Please refer to Note 16 for additional information on leases.
Due from				
Entities under common control				Unsecured, non-interest bearing, with no guarantee and collectible in cash on demand.
IVM, PSIHI, SCHC		23,279	686,622	
Associate (IRC)		471,954	471,954	
	4		1,158,576	
Borrowings from				Unsecured, non-interest bearing, with no guarantee and payable in cash on demand.
Entity under common control (IVM)	9	-	(13,624,642)	
Advances from				
Entities under common control				
IVM, PSIHI		(2,524,644)	(17,439,760)	
Salaries and employee benefits				These are determined based on contract of employment and payable in cash in accordance with the Group's payroll period. These were fully paid at reporting date.
Key management personnel		2,261,250	-	

Intercompany loans eliminated in 2018 amount to P596.03 million (2017 - P741.58 million). 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 2018 and 2017.

Note 16 - Leases

In 2009, the Parent Company occupied a portion of its investment property and converted it into an office space. The portion which is owner-occupied is properly classified as property and equipment (Note 6). The remaining portion is leased to third parties.

In 2018, rental income from investment in a commercial unit amounted to P7.49 million (2017 - P7.31 million) (Note 7).

The Parent Company renewed its lease agreement with IRC for the use of Unit 35-B at the 35th Floor Rufino Pacific Tower, 6784 Ayala Avenue, Makati City with an aggregate area of 234 meters including two (2) parking rights. The lease shall be for a period of one (1) year commencing on April 1, 2017 and expiring on March 30, 2018. The agreement provides for a monthly rate of P1,323 per square meter plus 12% VAT less 5% WHT or a total of P330,545 per month. The rental shall be paid on a quarterly basis. These are unsecured, with no gurantee and non-interest bearing. The agreement is in the process of being renewed as at reporting date.

The Parent Company also renewed its lease agreement with a third party in relation to the use of Units 35-C and D at the 35th Floor of Rufino Pacific Tower. The lease shall be for a period of three (3) years commencing on May 1, 2014 and expiring on April 30, 2017 and subsequently renewed until April 30, 2020. The agreement provides for the payment of a monthly rental amounting to P306,571 exclusive of VAT, subject to 5% escalation rate annually. The rental shall be paid on a quarterly basis on or before the first working day of the quarter to which such rent corresponds. These are unsecured, with no guarantee and non-interest bearing.

The lease agreement pertaining to the use of six (6) car parking rights at the Rufino Pacific Tower was also renewed with a third party. The lease shall be for a period of one (1) year commencing on January 12, 2017 and renewable annually. The agreement provides for a rate of P19,465 per month inclusive of 12% VAT and net of 5% withholding tax. The rental shall be paid on a monthly basis. These are unsecured, with no guarantee and non-interest bearing. The agreement is in the process of being renewed as at reporting date.

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

	2018	2017	2016
Within one (1) year	6,268,602	7,259,814	7,189,371
After one (1) year but not more than five (5) years	16,091,712	19,822,122	38,575,632
	22,360,314	27,081,936	45,765,003

Note 17 - Salaries and employee benefits

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

	2018	2017	2016
Salaries and wages	3,536,878	2,929,759	4,396,887
Employee benefits	1,677,633	2,413,743	1,121,890
Bonus and allowances	377,008	245,575	242,067
SSS, Philhealth and HDMF	116,451	108,845	143,206
	5,707,970	5,697,922	5,904,050

Note 18 - Provision for retirement benefits

The Group has yet to adopt a formal retirement plan and only provided for the retirement obligation based on minimum required retirement benefit under Republic Act (RA) 7641. Under RA 7641, otherwise known as the Retirement Pay Law, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least five (5) years in a private company, may retire and shall be entitled to retirement pay equivalent to at least ½ month salary for every year of service, a fraction of at least six (6) months being considered as one (1) whole year.

The retirement benefit obligation and retirement benefit expense as at and for the years ended December 31 are as follows:

	2018	2017
Retirement benefit obligation	1,881,793	2,043,750
Retirement benefit expense	(161,957)	1,372,281

The movement in the retirement benefit obligation for the years ended December 31 is as follows:

	2018	2017
January 1	2,043,750	671,469
Current service cost	(161,957)	1,372,281
December 31	1,881,793	2,043,750

The retirement benefit expense is included under salaries and employee benefits (Note 17) in profit or loss.

The principal assumptions made as at December 31, 2018 and 2017 are as follows:

Discount rate	7.64%
Expected future salary increase	3.00%

Discount rate assumption is based on the theoretical spot yield curve calculated from Bloomberg market yields by stripping the coupons from government bonds to create virtual zero coupon bonds as of the valuation date, while considering the average years of remaining working life of the employees as the estimated term of the employee.

Note 19 - 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 consolidated statement of financial position.

As at December 31, 2018 and 2017, management is still assessing other legal remedies available to settle the case.

Note 20 - Contingency

In the normal course of business, the Parent Company has a 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 details of this claim have not been disclosed as this might be prejudicial to the position of the Parent Company.

Note 21 - 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:

	2018	2017
Operating assets	1,103,330,649	1,687,169,383
Operating liabilities	405,150,416	528,612,904
Revenue and income	114,594,701	47,851,192
Other income	7,517,176	6,811,616
Costs and expenses	(582,488,123)	26,261,443
Segment net income	(460,376,246)	23,549,961

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 2018 and 2017.

There is no need to present reconciliation since measure of segment assets, liabilities and results of operations are consistent with those of the financial statements.

There are no changes in the Group's reportable segment and related strategies and policies in 2018 and 2017.

Note 22 - Financial risk and capital management

22.1 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 2018 and 2017.

22.1.1 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.

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

	2018	2017	
	In USD	In USD	In HKD
Cash in bank	106,923	87,662	-
Borrowings	-	-	(19,000,000)
Accrued interest	-	-	(7,528,394)
Total	106,923	87,662	(26,528,394)
Exchange rates	52.7240	49.9230	6.3882
Peso equivalent	5,637,408	4,376,350	(169,468,687)

Details of net foreign exchange losses (gains) for the years ended December 31 are as follows:

	2018	2017	2016
Realized	5,893,103	(71,363)	(453,258)
Unrealized	(167,035)	(820,144)	9,037,062
	5,726,068	(891,507)	8,583,804

As at December 31, 2018 and 2017, the Group's exposure to currency risk relates to the foreign currency denominated cash in bank and borrowings (Note 9).

The table below presents the impact of possible movements of Philippine Peso against the US Dollar and Hongkong Dollar, with all other variables held constant, on the 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
As at December 31, 2018		
US Dollar	+/-4.60%	(212,765.62)
As at December 31, 2017		
US Dollar	+/-6.13%	(270,845)
Hongkong Dollar	+/-5.72%	(9,820,812)

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

(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.

As at December 31, 2018, the impact of 1.0% increase (decrease) in the bid share price of the Group's investments based on management's assessment of historical movements in price, with all variable held constant, would have an impact of possible increase (decrease) of P3,917,032 (2017 - P19,822) in the total comprehensive income for the year.

(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 9). 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.

22.1.2 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.

Maximum exposure to credit risk

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

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	Underperforming (Past due but not impaired)
2018		
Cash in banks	193,297,456	-
Notes and other receivables	-	111,800,706
	193,297,456	111,800,706
2017		
Cash in banks	5,605,579	-
Notes and other receivables	3,000,000	193,021,880
	8,605,579	193,021,880

(i) Cash in banks

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, 2018, notes and other receivables amounting to P111.80 million (2017 - P193.02 million) were deemed underperforming (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. 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.

22.1.3 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 days	Total
As at December 31, 2018				
Borrowings	-	-	13,624,642	13,624,642
Accounts payable and accrued expenses*	-	-	18,336,255	18,336,255
Advances from related parties	-	-	9,002,267	9,002,267
	-	-	40,963,164	40,963,164
As at December 31, 2017				
Borrowings	-	-	135,054,491	135,054,491
Accounts payable and accrued expenses*	5,339,446	-	37,428,760	42,768,206
Advances from related parties	-	-	17,439,760	17,439,760
Future interest payable	2,459,457	2,459,457	4,918,914	9,837,828
	7,798,903	2,459,457	194,841,925	205,100,285

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

All financial assets and liabilities are classified as current as at reporting dates.

22.2 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern 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 statement of financial position, as well as deposit for future share subscriptions presented under liabilities as follows:

	2018	2017
Total equity	698,180,233	1,158,556,479
Deposit for future share subscriptions	194,695,274	194,695,274
	892,875,507	1,353,251,753

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, 2018 and 2017. The Group's main objective is the development of an existing prime property comprising of investment property held for rental and capital appreciation.

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 2018 and 2017.

22.3 Fair value of financial assets and liabilities

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

	2018		2017	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Fair value through profit or loss	392,936,944	392,936,944	1,982,245	1,982,245
Fair value at amortized cost				
Cash	193,312,456	193,312,456	-	-
Notes and other receivables	111,800,706	111,800,706	-	-
Loans and receivables				
Cash	-	-	5,620,579	5,620,579
Notes and other receivables	-	-	196,021,880	196,021,880
Available-for-sale financial assets	-	-	87,031	87,031
Total assets	698,050,106	698,050,106	203,711,735	203,711,735
Financial liabilities at amortized cost				
Borrowings	13,624,642	13,624,642	135,054,491	135,054,491
Accounts payable and other current liabilities*	18,336,255	18,336,255	42,768,206	42,768,206
Advances from related parties	9,002,267	9,002,267	17,439,760	17,439,760
Total liabilities	40,963,164	40,963,164	195,262,457	195,262,457

**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.

22.4 Fair value hierarchy

The Group follows the fair value measurement hierarchy to disclose the fair values of its financial assets and liabilities. As at December 31, 2018 and 2017, 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 3 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 23 - Critical accounting estimate and judgments

Estimates 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.

23.1 Critical accounting estimate

(a) Estimate of fair value of investment properties (Note 7)

The Group's investment properties have an estimated market value of P160,300 per square meter (2017 P101,100 per square meter) for the commercial unit and P250 to P3,200 per square meter (2017 - P200 to P3,000 per square meter) for the land as at December 31, 2018 based on the following significant assumptions used by the independent appraiser:

- current prices in an active market for properties of similar nature, condition or location, adjusted to reflect possible differences on the factors of time, unit area or size, unit location, unit improvements, building location, building features or amenities, bargaining allowance and others; 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 2018 amounted to P400.27 million (2017 - P335.61 million). Where the estimated market value differs by 10% from management's estimates, the carrying amount of investment properties would have been P40.02 million (2017 - P33.56 million) higher or lower.

(b) Retirement benefits (Note 18)

The present value of the defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used include the discount rate and rates of salary increases. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

The sensitivities of the defined benefit obligation to changes in the principal assumptions as at December 31 are as follows:

Assumptions	2018	2017
Discount rate		
1% decrease	197,562	105,302
1% increase	(177,208)	(94,453)

23.2 Critical accounting judgments

(a) Impairment of financial assets

The loss allowances for cash, and notes and other receivables are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 24.25.

(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 amounting to P19.46 million (2017 - P13.10 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) Entities in which the Group holds less than 50% interest (Note 24.3)

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 no significant influence with an ownership of 11.40% in 2018 (2017 - 29.62%) and control has not been established. Consequently, this investment previously classified as an associate has been reclassified to financial assets at FVPL in 2018.

(d) 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 P400.27 million as at December 31, 2018 (2017 - P335.61 million). No impairment loss was recognized on investment properties for the years ended December 31, 2018 and 2017.

(e) Provision for litigation claims (Note 19)

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, 2018 and 2017 and is shown as a separate line item in the consolidated statement of financial position.

(f) Contingency (Note 20)

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 proceedings.

Note 24 - 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.

24.1 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 the 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 23.

24.2 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The following amendments and improvements to existing standards and interpretations are effective for the financial year beginning on January 1, 2018 which are relevant to the Group's financial statements:

The Group has applied the following new standards for the first time for its annual reporting period commencing January 1, 2018:

- PFRS 9, Financial Instruments
- PFRS 15, 'Revenue from Contracts with Customers'

The Group had to change its accounting policies following the adoption of PFRS 9 and PFRS 15. There were no restrospective adjustments in relation to the adoption. The details of the Company's adoption are disclosed in Note 24.25.

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

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

- *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 Parent Company is a lessor on all of its lease agreements, hence, the adoption of the standard will not impact the Group's separate financial statements.

24.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2018 and 2017. 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 2018 and 2017		
	Direct	Indirect	Total
T&M Holdings, Inc. (TMHI)	100.00%	-	100.00%
M&M Holdings Corporation (MMHC)	100.00%	-	100.00%
The Angeles Corporation (TAC)*	38.46%	15.02%	53.48%
The Taal Company, Inc. (TTCI)*	29.97%	14.49%	44.46%
Mindanao Appreciation Corporation (MAC)*	28.51%	13.98%	42.49%
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:

2018	TPHC	MAC	TTCI	TAC
		(In thousands of Pesos)		
Total current assets	12,138	54,731	11,804	2,084
Total non-current assets	293,106	-	24,847	-
Total assets	305,244	54,731	36,651	2,084
Total current liabilities	41,542	31,417	4,823	10,703
Total non-current liabilities	78,695	88	7,250	-
Total liabilities	120,237	31,505	12,073	10,703
Net assets (liabilities)	185,007	23,226	24,578	(8,619)
Income	20,850	16,016	6,808	1
Expenses	(2,378)	(216)	(10,915)	(60)
Income (loss) before tax	18,472	15,800	(4,107)	(59)
Provision for income tax	(6,097)	70	(1,654)	-
Net income (loss) for the year	12,375	15,870	(5,761)	(59)
Other comprehensive loss	-	-	-	-
Total comprehensive income (loss)	12,375	15,870	(5,761)	(59)
Cash flows from:				
Operating activities	2,743	187	2,117	(640)
Investing activities	-	-	-	2,639
Net cash inflow (outflow)	2,743	187	2,117	1,999

2017	TPHC	MAC	TTCI	TAC
		(In thousands of Pesos)		
Total current assets	12,567	19,183	15,738	2,725
Total non-current assets	272,771	18,784	26,107	-
Total assets	285,338	37,967	41,845	2,725
Total current liabilities	(41,128)	(31,503)	(4,692)	(11,284)
Total non-current liabilities	(72,452)	-	(5,778)	-
Total liabilities	(113,580)	(31,503)	(10,470)	(11,284)
Net assets (liabilities)	171,758	6,464	31,375	(8,559)
Income	10,080	-	134	-
Expenses	(1,359)	(65)	(440)	(58)
Income (loss) before tax	8,721	(65)	(306)	(58)
Provision for income tax	(2,874)	-	(40)	-
Net income (loss) for the year	5,847	(65)	(346)	(58)
Other comprehensive loss	28	(9,253)	(3)	-
Total comprehensive income (loss)	5,875	(9,318)	(349)	(58)
Cash flows from:				
Operating activities	(500)	2	78	27
Investing activities	1	-	-	-
Financing activities	-	-	-	-
Net cash inflow (outflow)	(499)	2	78	27

	TPHC	MAC	TTCI	TAC	Total
Accumulated balance of non-controlling interest			(In thousands of Pesos)		
December 31, 2018	136,831	13,358	13,656	(4,010)	159,835

	TPHC	MAC	TTCI	TAC	Total
Non-controlling interest share in total comprehensive income (loss)			(In thousands of Pesos)		
December 31, 2018	9,153	9,126	(3,099)	(27)	15,153
December 31, 2017	4,345	(5,360)	(193)	(27)	(1,235)

(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.

24.4 Cash

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

24.5 Financial instruments

24.5.1 Classification

The Group classifies its financial assets and liabilities according to the categories described below. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets and liabilities at initial recognition.

(a) Financial assets

From January 1, 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through OCI (FVOCI) or through profit or loss (FVPL), and
- those to be measured at amortized cost.

As at December 31, 2018 and 2017, the Group has financial assets classified as financial assets at amortized cost and financial assets at FVPL.

(i) Financial assets at amortized cost

Financial assets at amortized cost 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 classified as non-current assets. The Group's financial assets at amortized cost comprise cash in bank (Note 24.4) and notes and other receivables (Note 24.6).

(ii) Financial assets at FVPL

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

The Company's financial assets at FVPL are classified under this category.

(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.

The Group only has financial liabilities measured at amortized cost which include accounts payable and other current liabilities (excluding taxes payable and deferred rental income) (Note 24.12) and advances from related parties.

24.5.2 Recognition and measurement

(a) Initial recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the statement of comprehensive income under profit or loss.

(b) Subsequent measurement

(i) Financial assets at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains (losses) together with foreign exchange gains and losses. Significant impairment losses are presented as a separate line item in the statement of total comprehensive income under profit or loss.

(ii) Financial assets at FVPL

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 fair value gain (loss) on financial assets at FVPL in the period in which these arise. Dividend income from financial assets at FVPL is recognized under profit or loss in the statement of total comprehensive income as a separate line item when the Group's right to receive payment is established.

(iii) Financial liabilities

Financial liabilities at fair value through profit or loss are subsequently carried at fair value. Financial liabilities at amortized cost are measured at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of financial liabilities at fair value through profit or loss, including interest expense, are presented in profit or loss within 'Unrealized gain (loss) on securities' in the period in which these arise.

24.5.3 Impairment

The Group's new accounting policy on impairment of financial assets in relation to the adoption of PFRS 9 is disclosed in Note 24.25.

24.5.4 Derecognition

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

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

24.5.5 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty. As at December 31, 2018 and 2017, there are no financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

24.5.6 Accounting policies applied until December 31, 2017

The Group has applied PFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

(i) Classification

Until December 31, 2017, the Group classified its financial assets in the following categories:

- financial assets at FVPL,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

Subsequent measurement

Subsequent to the initial recognition, loans and receivables and held-to-maturity investments were carried at amortized cost using the effective interest method.

Available-for-sale financial asset and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognized as follows:

- for financial assets at FVPL - in profit or loss within other gains (losses);
- for available-for-sale financial asset that is a monetary security denominated in a foreign currency - translation differences related to changes in the amortized cost of the security were recognized in profit or loss and other changes in the carrying amount were recognized in other comprehensive income; and
- for other monetary and non-monetary securities classified as available-for-sale - in other comprehensive income.

(ii) Impairment

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was 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) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

24.6 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.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Relevant accounting policies for classification, recognition, measurement and derecognition of notes and other receivables are presented in Note 24.5.

24.7 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.

24.8 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:

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

24.9 Investment properties

Investment properties are 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 of land and a commercial unit, are held for long-term rental yields and are not occupied by the Group. Investment properties are carried at fair value, representing open market value determined annually by external valuators. 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 properties is triggered by a change in use, by sale or disposal. If investment properties become owner-occupied, they are reclassified as property and equipment, and the fair value at the date of reclassification becomes the 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.

24.10 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 3 category.

24.11 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 a definite useful life 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 purpose 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 that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

24.12 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 24.5.

24.13 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.

24.14 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 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 associate. 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.

24.15 Employee benefits

(a) *Retirement benefit obligation*

The Parent Company has less than 10 employees and has not yet formalized its employee retirement plan but it plans to provide retirement benefits. The retirement benefits under RA 7641 are considered as defined benefit plan. Defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The retirement obligation is equivalent to half-month compensation and calculated proportionately to the length of service of an employee.

(b) Other short-term benefits

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.

Liabilities for short-term employee benefits are derecognized when the obligation is settled, cancelled or has expired.

24.16 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.

24.17 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 at a future date which may or may not materialize. These are recognized upon receipt of cash and measured at face value or nominal amount. The Group considers the deposit as a liability unless all of the following elements are present:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated int he subscription agreement;
- There is a Board of Director's approval on the proposed increase in authorized capital stock to cover the shares corresponding to the amount of the deposit;
- There is shareholders' approval of the proposed increase; and
- The application for the approval of the proposed increase in authorized share capital has been filed with the SEC.

Deposits for future share subscriptions are derecognized once share has been issued or the shareholder cancels the subscription.

24.18 Equity

(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.

(d) Retained earnings

Retained earnings include current and prior years' results of operations, net of transactions with shareholders and dividends declared, if any.

24.19 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.

24.20 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.

(d) Expenses

Expenses are recognized when these are incurred.

24.21 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.

24.22 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.

24.23 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.

24.24 Contingency

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.

24.25 Change in accounting policy

This note explains the impact of the adoption of PFRS 9, Financial Instruments and PFRS 15, Revenue from Contracts with Customers on the Group's financial statements.

(a) PFRS 9, Financial Instruments

The Group has adopted PFRS 9 with a date of transition of January 1, 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements. The Group did not early adopt PFRS 9 in previous periods.

As permitted by the transitional provisions of PFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings of the current period.

The adoption of PFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

Specified below are the disclosures relating to the impact of the adoption of PFRS 9 on the Group. Further details of the specific PFRS 9 accounting policies applied in the current period (as well as the previous PAS 39 accounting policies applied in the comparative period) are described in more detail in Note 24.5.

(i) Classification and measurement

The closing balances of cash in bank and notes and other receivables as at December 31, 2017 amounting to P5,620,579 and P196,021,880, respectively, show loans and receivables under amortized cost. As at January 1, 2018, these were reclassified into financial assets at amortized cost. These reclassifications have no impact on the measurement categories. The financial assets at amortized cost include cash in bank and notes and other receivables (Note 4) in the statement of financial position.

There were no changes to the classification and measurement of financial liabilities.

(ii) Impairment of financial assets

From January 1, 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by PFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Group's management noted that the assessment of expected credit loss based on PFRS 9 is not materially different with current policy of the Group. As a result, there was no adjustment on the Group's retained earnings (deficit) as at January 1, 2018 as a result of the adoption of PFRS 9.

(b) PFRS 15, Revenue from Contracts with Customers

PFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of 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. Under the new standard, the notion of control replaces the existing notion of risks and rewards.

The standard replaces PAS 18, Revenue, and PAS 11, Construction Contracts, and related interpretations. A five-step process must be applied before revenue can be recognized which include: (i) identification of contracts with customers; (ii) identification of the separate performance obligation; (iii) determination of the transaction price of the contract; (iv) allocation of the transaction price to each of the separate performance obligations; and (v) recognition of revenue as each performance obligation is satisfied. Revenue may also be recognized earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome, etc.) - minimum amounts must be recognized if these are not at significant risk of reversal. Further, the point at which revenue is able to be recognized may shift: some revenue which is currently recognized at a point in time at the end of a contract may have to be recognized over the contract term and vice versa. The Group has adopted the new standard effective January 1. 2018. The Group's revenue contracts do not have performance obligations other than to lease its investment properties. The adoption did not require any change in the Group's current revenue recognition policy.

24.26 Reclassification

Certain amounts in the 2017 consolidated financial statements have been reclassified to conform to the current period presentation, including the reclassification of P2,043,750 provision for retirement benefits previously presented as part of accounts payable and other current liabilities now shown separately in the consolidated statement of financial position. In addition, collection of principal and interest on notes receivables made in 2016 previously presented as part of operating activities amounting to P107,876,522 and P142,444,937, respectively, were reclassified to investing activities in the statement of cash flows. Such reclassifications did not affect the previously reported net income or retained earnings or net cash flows.

24.27 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 as at December 31, 2018

The following table summarizes the effective standards, amendments and interpretations as at December 31, 2018:

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

		Adopted	Not Adopted	Not Applicable
PFRS 3 (Revised)	Business Combinations			✓
	Amendments to PFRS 3: Definition of a business*			✓
PFRS 4	Insurance Contracts			✓
	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: Disclosures - Hedge Accounting*			✓
	Amendments to PFRS 9 and PFRS 7: Mandatory Effective Date and Transition Disclosures	✓		
PFRS 8	Operating Segments			✓
PFRS 9	Financial Instruments	✓		
	Amendments to PFRS 9, PFRS 7 and PAS 39: Hedge Accounting			✓

		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 9 and PFRS 7: Mandatory Effective Date and Transition Disclosures	✓		
	Amendments to PFRS 9: Prepayment Features with Negative Compensation*		✓	
	Financial Instruments	✓		
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: Acquisition 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 for Investment Entities			✓
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
	Amendments to PFRS 15: Clarifications to PFRS 15	✓		
PFRS 16	Leases*		✓	
PFRS 17	Insurance Contracts*			✓
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiative			✓
	Amendments to PAS 1 and PAS: Definition of material*		✓	

		Adopted	Not Adopted	Not Applicable
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	✓		
	Amendments to PAS 1 and PAS: Definition of material*		✓	
PAS 10	Events after the Reporting Period	✓		
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 19 (Revised)	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 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
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 (Revised)	Separate Financial Statements	✓		

		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 27: Use of Equity Method in Separate Financial Statements			✓
PAS 28 (Revised)	Investments in Associates and Joint Ventures	✓		
	Amendments of PFRS 10, PFRS 12 and PAS 28: Application of the Consolidation Exception for Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contributions of Assets between an Investor and its Associate or Joint Venture			✓
	Amendment to PAS 28: Measuring an associate or joint venture at fair value			✓
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 40	Investment Property	✓		
	Amendment to PAS 40: Transfers of Investment Property			✓
PAS 41	Agriculture			✓

		Adopted	Not Adopted	Not Applicable
	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			✓
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*		✓	

		Adopted	Not Adopted	Not Applicable
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*		✓	
IFRIC 23	Uncertainty over Income Tax Treatments			✓
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-32	Intangible Assets - Web Site Costs			✓

The standards, amendments and interpretations marked with an asterisk (*) have been issued but are not yet effective for December 31, 2018 financial statements. Unless otherwise stated, these standards, amendments and interpretations have not been early adopted.

The standards, amendments and interpretations that are labeled as "Not Applicable" are already effective as at December 31, 2018 but will never be relevant/applicable to the Company or are currently not relevant to the Company 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, 2018
(All amounts in Philippine Peso)

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning		(505,121,852)
Net income during the period closed to Retained Earnings	104,779,905	
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)	(167,035)	
Unrealized actuarial gain		
Fair value adjustment (mark-to-market gains)	(85,002,719)	
Fair value adjustment of Investment Property resulting to gain	(40,016,455)	
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	(125,186,209)	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)		
Unrealized foreign exchange loss - net except (Cash and Cash Equivalents)		
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	-	
Net income actually incurred during the period		(20,406,304)
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		(525,528,156)

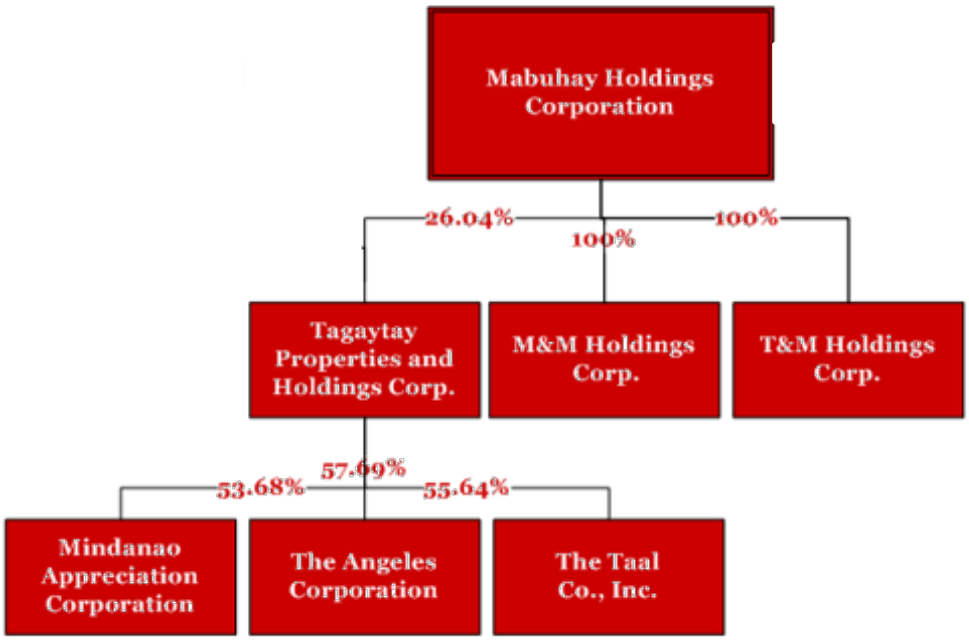
Mabuhay Holdings Corporation and Subsidiaries

Financial Soundness Indicators
December 31, 2018 and 2017

	2018	2017
Net profit (loss) ratio	(4.8774)	1.0471
Return on asset	(0.4173)	0.0140
Return on equity	(0.6594)	0.0203
Current ratio	2.4637	0.4695
Acid test ratio	2.4543	0.4634
Debt to equity	.5803	0.4563
Debt to asset	.3672	0.3133
Asset to equity	1.5803	1.4563
Interest coverage	(19.5018)	3.8545
Earnings per share	(0.4873)	0.0200

Mabuhay Holdings Corporation and Subsidiaries

Map of the Group of Companies within which the Reporting Entity Belongs
December 31, 2018



Mabuhay Holdings Corporation and Subsidiaries

Schedule A. Financial Assets
December 31, 2018

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
Philippine Infradev Holdings, Inc.	170,947,589	384,632,075	384,632,075	-
Ayala Land Inc.	63,800	2,590,280	2,590,280	-
Bank of the Philippine Islands	30,000	2,820,000	2,820,000	-
Philippine Long Distance	1,050	1,181,250	1,181,250	-
Phil. Realty A	2,023,428	859,957	859,957	-
Basic Energy Corp.	1,110,000	266,400	266,400	-
RFM Corporation	40,000	195,600	195,600	-
Greenergy H./Musx Corp.	62,300	123,977	123,977	-
Filinvest Land, Inc.	84,250	118,793	118,793	-
Ayala Corporation	69	62,100	62,100	-
Cosco Capital, Inc.	5,000	33,550	33,550	-
BDO Unibank, Inc.	147	19,228	19,228	-
F. Estate Land Inc.	6,850	7,741	7,741	-
Swift Food Inc.	44,621	5,578	5,578	-
GMA Network, Inc.	1,000	5,440	5,440	-
National Reinsurance Corp.	5,000	4,550	4,550	-
United P. Mining Corp.	750,000	4,125	4,125	-
Swift Food Inc. (Preference)	1,759	3,782	3,782	-
Filipino Fund Inc.	330	2,427	2,427	-
Manila Mining Corp. (B)	9,551	61	61	-
Manila Mining Corp. (A)	4,345	30	30	-
Total		392,936,944	392,936,944	-

Mabuhay Holdings Corporation and Subsidiaries

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)
December 31, 2018

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	413,008	-	-	(413,008)	-	-	-
Philippine Strategic Intl. Holdings, Inc.	92,082	-	-	(92,082)	-	-	-
Intrinsic Value Management Ltd.	181,532	-	(1,242)	-	180,290	-	180,290
	686,622	-	(1,242)	-	180,290	-	180,290

Mabuhay Holdings Corporation and Subsidiaries

Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of the financial statements
December 31, 2018

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	192,745,933	-	(140,334,317)	-	52,411,616	-	52,411,616
Mindanao Appreciation Corporation	18,840,436	-	(254,693)	(62,102)	18,523,641	-	18,523,641
M&M Holdings Corporation	68,271,461	-	-	-	68,271,461	-	68,271,461
The Angeles Corporation	2,638,750	-	(2,638,750)	-	-	-	-
T&M Holdings, Inc.	312,713	485,677	-	(189,175)	609,215	-	609,215
Tagaytay Properties Holdings Corporation	5,384,040	-	(568,174)	(127,922)	4,687,944	-	4,687,944
The Taal Company, Inc.	15,134,236	-	(2,140,374)	(10,716,998)	2,276,864	-	2,276,864
Total	303,327,569	485,677	(145,936,308)	(11,096,197)	146,780,741	-	146,780,741

Mabuhay Holdings Corporation and Subsidiaries

Schedule D. Intangible Assets - Other Assets
December 31, 2018

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, 2018

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, 2018

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, 2018

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, 2018

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	-	58,627,864	1,641	1,143,370,495

MABUHAY
HOLDINGS CORPORATION

April 15, 2019

THE PHILIPPINE STOCK EXCHANGE, INC.
PSE Tower, 5th Avenue corner 28th Street,
Bonifacio Global City, Taguig City

Attention: **MS. JANET A. ENCARNACION**
Head, Disclosure Department

Subject: **MABUHAY HOLDINGS CORPORATION**
Annual Report ended December 31, 2018

Gentlemen:

We submit herewith a copy of the Annual Report for the year ended December 31, 2018 (SEC Form 17-A) of MABUHAY HOLDINGS CORPORATION with the attached Audited Consolidated Financial Statements for the years ended December 31, 2018 and 2017.

Very truly yours,

Gloria Georgia G. Garcia
Treasurer and Corporate Compliance Officer

SEC Registration Number

0	0	0	0	0	1	5	0	0	1	4

COMPANY NAME

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

PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

3	5	T	H		F	L	O	O	R																				
R	U	F	I	N	O		P	A	C	I	F	I	C		T	O	W	E	R										
6	7	8	4		A	Y	A	L	A		A	V	E	N	U	E													
M	A	K	A	T	I		C	I	T	Y																			

Form Type	Department requiring the report	Secondary License Type, if Applicable
17-A	SEC	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
mabuhayholdings@yahoo.com	750-2000	

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
GLORIA GEORGIA G. GARCIA	ghiegarcia71@yahoo.com	750-2000	

CONTACT PERSON's ADDRESS

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

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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, 2018**
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, 2018	0.59
Aggregate market value of voting stock held by non-affiliates	**P253,805,136**

Year 2018 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 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 10, 2018.

As of December 31, 2018, 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). In 2018, the Group, through its wholly-owned subsidiary T&M Holdings, Inc., sold part of its shareholdings in IRC. The sale reduced the Group's ownership interest in IRC from 29.62% to 11.4% as of December 31, 2018.

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.

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. **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.

4. **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.

5. **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.

6. **Mindanao Appreciation Corporation (MAC) (28.5%-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. Tagaytay Properties & Holdings Corporation and The Taal Co., Inc., each hold an inventory of real properties in strategic locations like Tagaytay City, Batangas and Cavite. The aggregate landholdings of the Registrant's investees easily run to 17.8 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, 2018, The Registrant has 7 employees, all rendering administrative services. Of the Company's 7 employees, 5 render support services: 2 for accounting/bookkeeping work and 3 doing office services functions while the other 2 belong to the management and administration of the Company. There is no Collective Bargaining Agreement between the employees and the Registrant and there had been no strikes or threats of strike for the past five (5) years. Aside from the statutory benefits prescribed by the labor code, the Registrant's employees enjoy Company-sponsored health insurance.

Item 2 – Properties

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

Name of Property	Owner	Area	Location
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.	98,671 sq. m	Rotonda, Tagaytay City
Carandang	Tagaytay Properties and Holdings Corp.	6,533 sq. m	Ambolong, Batangas
Atienza	Tagaytay Properties and Holdings Corp.	3,036 sq. m	Ambolong, Batangas
Landicho	Tagaytay Properties and Holdings Corp.	15,605 sq. m	M. Kahoy, Batangas
35F Rufino Pacific 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 IRC Properties, Inc. Rental revenues from this property amounted to P7.5M in 2018 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, 2018, which are an integral part of this report.

The Registrant has plans to acquire property in the next 12 months or beyond as discussed in Note 1 to the Consolidated Financial Statements.

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 19 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 2018. The last meeting of the Registrant's stockholders was the annual stockholders' meeting, which was held on July 10, 2018. In that meeting, the stockholders elected the directors for 2019. 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, 2018, 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 2018 and 2017:

	2018		2017	
	High	**Low**	**High**	**Low**
First Quarter	0.84	0.30	0.56	0.40
Second Quarter	0.77	0.55	0.455	0.395
Third Quarter	0.81	0.56	0.495	0.40
Fourth Quarter	0.64	0.50	0.41	0.26

The listed price of MHC shares as of end of first quarter of 2019 is P0.55, with a high of P0.64 and a low of P0.55.

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, 2018 total one hundred ninety eight (198) in number, broken down as follows:

Citizen	No. of Shares	Percentage	No. of Holders
Filipino	833,491,840	69.46%	186
American	908,000	0.08%	7
Chinese	105,050	0.00%	2
Other Alien	365,495,110	30.46%	3
	1,200,000,000	**100.00%**	**198**

Top 20 Stockholders as at December 31, 2018 all holding Common Stock**:**

Rank	Name of Stockholder	No. of Shares Held	Percentage
1	PCD Nominee Corporation (NF)	365,495,010	30.46%
2	Prokey Investments Ltd.	351,289,763	29.27%
3	PCD Nominee Corporation (F)	320,009,988	26.67%
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.

For the past years, the Group's main focus is to support the projects of its then main associate, Philippine Infradev Holdings, Inc. (formerly IRC Properties Incorporated) (IRC). IRC needs assistance to secure funding of its 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. After the Group sold a significant part of its shareholdings in IRC in 2018, through its wholly-owned subsidiary T&M Holdings, Inc., which reduced its ownership interest in IRC from 29.62% to 11.4% as of December 31, 2018, it plans to concentrate on the acquisition of properties for rental purposes as its main short-term operating activity. Management believes that this move is strategic and will be beneficial for the Group in the long run. The Group intends to become more liquid and flexible while pursuing bigger urban real property development projects with its foreign business partners. Among the Group's short-term and long-term plans are: (a) to acquire developed properties with the intention of converting the properties for lease operations; (b) to acquire properties for development and to convert these properties for leases; (c) to continue to retain its substantial remaining shares of stocks in IRC for appreciation and eventual cash flows from future dividend declarations; (d) to continue to retain its investment properties for appreciation, and to plan for possible development of the prime properties; and (e) to invest in stocks listed in the Philippine Stock Exchange on a broader scope.

The planned acquisitions of rental yielding properties are expected to generate sustained cash inflows to support the Group's operations. Moreover, the remaining investments in IRC is expected to generate substantial dividend yield in the future upon completion of IRC's real estate projects in Binangonan and the construction and operation of the Makati Subway System under the Public-Private Partnership Program of Makati City Government.

The above plans will contribute to improve the results of operation of the Group in the following years.

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

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

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

The Group does not anticipate heavy requirement for working capital in 2019.

2018

Results of Financial Operations

A comparative review of the Registrant's financial operations for the period ended **December 31, 2018** vis-à-vis the same period last year showed the following:

Total revenues increased by P71.9M or 319.7% mainly due to gains realized on the change in fair value of investment properties. Total operating expenses likewise increased by P508.9M or 3119.9% mainly due to the loss on disposal of investment in an associate Philippine Infradev Holdings, Inc. (formerly IRC Properties Incorporated) (IRC) as result of the sale of part of shareholdings in IRC. Said sale decreased the Group's ownership interest to 11.4% as of December 31, 2018, hence, investments are reclassified to Financial Assets at Fair Value through Profit or Loss and accumulated share in net earnings of IRC recognized in the books are derecognized. A net finance costs of P6.66M resulted in 2018 due to increase in finance cost by P11.02M, increase in net foreign exchange loss of P6.6M and decrease in finance income by P4.4M.

Share in net earnings of IRC registered at P7.5M for the 1st quarter of 2018 prior to the disposal of part of shareholdings and P6.8M in 2017.

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 2018 vs. December 2017)

Cash
Increase of P187.7M or 3339.4% mainly due to the proceeds from the sale of IRC shares.

Financial assets at fair value through profit or loss
Increase of P390.95M or 19722.8% due to the reclassification of investments in shares of stocks of IRC from investment in an associate to financial assets at fair value through profit or loss as a result of the sale of part of the Group's shareholdings in IRC which dereased its ownership interest and the change in fair value of securities.

Notes and other receivables
Decrease of P84.22M or 42.96% mainly due to collection of notes and interest receivable from IRC.

Investment in an associate
The 100% decrease in the account is discussed in details in Note 5 of the Notes to the Consolidated Financial Statements.

Property and equipment, net
Increase of P1.003M or 75.4% mainly due to acquisition offset by charges for depreciation.

Investment properties
Increase of P64.66M or 19.3% due to gain on fair value as a result of the appraisal of the properties.

Borrowings
Decrease of P121.4M or 89.9% due to payment of loans.

Accounts payable and other current liabilities
Decrease of P23.04M or 54.47% largely due to repayment of accrued interest on borrowings.

Deferred income tax liabilities, net
Increase of P27.8M or 31.15% due mainly to the tax effect of 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	-	$\frac{\text{Cash on hand and in banks + Financial Assets at Fair Value+ Notes and other receivables}}{\text{Current Liabilities}}$
Debt to Equity	-	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$
Debt to Assets	-	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
Asset to Equity	-	$\frac{\text{Total Assets}}{\text{Total Equity}}$
Interest Coverage	-	$\frac{\text{Net Income Before Tax and Interest Expense}}{\text{Interest Expense}}$
Earnings (Loss) Per Share	-	$\frac{\text{Net Income Attributable to Equity Holders of Parent Co.}}{\text{Average number of Outstanding Common Shares}}$

(%)	Dec. 31, 2018*	Dec. 31, 2017*	Dec. 31, 2016*
Net Profit Ratio	-4.8774	1.0471	0.8483
Return on Assets	-0.4173	0.0140	0.0342
Return on equity	-0.6594	0.0203	0.0528
Current ratio	2.4637	0.4695	0.4676
Acid test	2.4543	0.4634	0.4644
Debt to equity	0.5803	0.4563	0.4530
Debt to assets	0.3672	0.3133	0.3118
Asset to equity	1.5803	1.4563	1.4530
Interest coverage	-19.5018	3.8545	3.2038
Earnings (loss) per share	-0.4873	0.0200	0.0481

*Audited

2017

Results of Financial Operations

A comparative review of the Registrant's financial operations for the period ended **December 31, 2017** vis-à-vis the same period last year showed the following:

Total revenues decreased by P46.295M or 67.3% mainly due to net effect of recovery of impairment losses on investment in an associate and reversal of allowance for impairment loss recognized in 2016 vs. none in 2017. Total operating expenses decreased by P0.846M or 4.9% mainly due to decrease in salaries and employee benefits and professional fees. A net finance income of P15.411M resulted in 2017 due to decrease in finance cost by P18.7M, a net foreign exchange gain of P0.89M with a decrease in finance income by P3.25M.

Share in net earnings of IRC Properties, an associate decreased by P14.19M or 67.6% 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 2017 vs. December 2016)

Cash
Decrease of P24.4M or 81.3% mainly due to additional loans extended to IRC and acquisition of additional IRC shares.

Financial assets at fair value through profit or loss
Decrease of P0.286M or 12.6% due to decline in fair value of securities.

Notes and other receivables
Increase of P28.8M or 17.2% mainly due to additional notes and accrued interest receivable from IRC Properties, Inc.

Prepayments
Increase of P1.28M or 92.6% mainly due to prepaid income taxes.

Investment in an associate
Please refer to Note 5 of the Notes to the Consolidated Financial Statements.

Property and equipment, net
Decrease of P1.35M or 50.4% mainly due to depreciation.

Investment properties
Increase of P15.15M or 4.7% due to gain on fair value.

Other non-current assets
Decrease of P.060M or 40.8% mainly due to decrease in fair value of available for sale securities of` Mindanao Appreciation Corporation, a subsidiary.

Borrowings
Decrease of P0.573M or 0.42% due to foreign exchange translation difference.

Accounts payable and other current liabilities
Increase of P7.7M or 21.1% largely due to accrued interest on borrowings.

Deferred income tax liabilities, net
Increase of P4.79M or 5.7% due to unrealized gain on fair value change in investment property.

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.

Item 7 – Financial Statements

The audited consolidated financial statements of the Registrant as of and for the year ended December 31, 2018, 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

(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 P1.08M for the last two (2) calendar years ending December 31, 2018 and 2017.

(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, 2018 and 2017. 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 77 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 71 years old.

Atty. Delfin P. Angcao, Corporate Secretary - Atty. Delfin Angcao holds the position since 1995. He is 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 61 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 50 years old.

Anselm Wong, Director - Mr. Anselm Wong has been elected as director since January 12, 2017 upon the resignation of Mr. Shinsuke Amiya. He is the Chief Operating Officer of Asia Development Capital Co., Ltd. (formerly Asia **A**lliance Holdings Co., Ltd., a company listed in The Tokyo Stock Exchange since June 2015). Mr. Wong, a Malaysian citizen, is 33 years old.

Yang Min Lan, Director - Mr. Yang, aged 41, received a Doctor's Degree in Engineering from The National Yunlin University of Science and Technology in Taiwan in 2009. Mr. Yang has been a member of Taiwan Certified Public Technician of higher examination for civil since 2008. He is also a member of the Taiwan Professional Civil Engineers Association. He has been involved in varied construction projects in Taiwan in the development of roads, bridges, buildings, and especially in hotel and residential development. He also taught in Chienkuo Technology University. Presently, Mr. Yang is Chairman and Director of Lan Hai Co. Ltd., a construction consulting company since August 2015.

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 79 years old.

Steven Gamboa Virata, Independent Director – Mr. Steven Virata joined the Company in 2001. A degree holder of B.S. Architecture from the University of the Philippines, he has more than 10 years experience in the aviation industry, marketing, architecture, graphic design and production, theater industry and farm management. 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 61 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 10, 2018.

INDEPENDENT DIRECTORS

In compliance with SRC Rule 38 which provides for the guidelines on the nomination and election of independent directors, and under the New Manual on Corporate Governance, the Corporate Governance Committee shall, perform the functions previously undertaken by the Nomination and Election Committee, and shall be responsible in review and evaluation of qualifications of all persons nominated to the Board and other appointments that require Board approval. The Corporate Governance Committee is composed of the following as members:

1.	Steven G. Virata	-	Chairman, Independent director
2.	Rodrigo B. Supeña	-	Member, Independent director
3.	Roberto V. San Jose	-	Member
4.	Anselm Wong	-	Member
5.	Ana Maria A. Katigbak-Lim	-	Member

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 – 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. Ms. Garcia, a Filipino, is 48 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 2019 (estimate) are as follows:

Name and Principal Position	Salary			Bonus	Other Annual Compensation
	2019 (Estimate)	2018	2017		
Roberto V. San Jose *Chairnan of the Board*					
Esteban G. Peña Sy *President*					
Delfin P. Angcao *Corporate Secretary*					
Gloria Georgia G. Garcia *Treasurer*					
Aggregate compensation (all key officers and directors as a group) Note: Registrant has no other executive officers except those named above.	P4.8M	P4.7M	P4.37M	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, 2018:

Title of Class	Name And Address Of Record Owner And Relationship With Issuer	Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Prokey Investment Ltd.** c/o Mabuhay Holdings Corporation: 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223	Esteban G. Peña Sy, President of Registrant	Filipino	351,289,763	29.27
Common	PCD Nominee Corporation* G/F MSE Building 6767Ayala Avenue, Makati City	B. A. Securities *	Foreign	365,495,010	30.46
TOTAL				716,784,773	59.73

* B.A. Securities, Inc. is the only participant under the PCD that owns 5% or more of the Company's voting stock. While in the past years, 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, 2018:

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	641	641	R & B	Filipino	0
Common	Steven G.Virata Director	100	100	R	Filipino	0
Common	Rodrigo B. Supeña	50	50	R	Filipino	0

Common	Ana Maria A. Katigbak Director/Asst. Corp. Secretary	50	100	R	Filipino	0
Common	Anselm Wong	50	50	R	Malaysian	0
Common	Yang Min Lan	50	50	R	Taiwanese	0
Common	Gloria Georgia G. Garcia, Treasurer	50	50	R	Filipino	0
TOTAL		353,301,404	353,301,454			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 New 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 New 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 2018 through official disclosures dated:

Date	Disclosures
April 12, 2018	Notice of Annual Stockholders' Meeting
April 12, 2018	Change in Directors and/or Officers
April 20, 2018	Material Information/Transactions
June 05, 2018	Notice of Annual Stockholders' Meeting - Amendment
July 10, 2018	Results of Annual Stockholders' Meeting
July 10, 2018	Results of Organizational Meeting of Board of Directors

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 15 April, 2019.

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)

APR 15 2019

SUBSCRIBED AND SWORN TO before me, a Notary Public, for and in Makati City, this _____ day of _____, 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	P1329913A	December 20, 2016	DFANCR South
Esteban G. Peña Sy	P8276657A	August 09, 2018	DFA NCR Central
Delfin P. Angcao	P0113420A	August 31, 2016	Manila
Gloria Georgia G. Garcia	P8316836A	August 11, 2018	DFA NCR NorthEast

Doc. No. 469
Page No. 95
Book No. XIII
Series of 2019.

ATTY. GERVACIO V. ORTIZ JR.
Notary Public Makati City
Until Dec. 31, 2020
Appointment No. M-283 (2019-2020)
PTR No. 7333104 Jan. 3, 2019/Makati
IBP Lifetime No. 656155 Roll No. 40091
MCLE Compliance No. V-0006934
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

MABUHAY HOLDINGS CORPORATION

INDEX TO EXHIBITS
SEC FORM 17-A

Plan of Acquisition, Reorganization, Arrangements, Liquidation or Succession	*
Instruments Defining the Rights of Security Holders, Including Indentures	*
Voting Trust Agreement	*
Material Contracts	*
Annual Report of Security Holders, Form 17-Q or Quarterly Report to Security Holders	*
Report Furnished to Security Holders	*
Subsidiary of the Registrant	Page 18
Published Report Regarding Matters Submitted to Vote of Security Holders	*
Consents of Experts and Independent Counsel	*
Power of Attorney	*
Additional Exhibits	*

* Either not applicable to the Company or requires no answer.

SUBSIDIARIES OF THE REGISTRANT

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

A. Wholly-owned subsidiaries

T & M Holdings, Inc.
M & M Holdings Corporation

B. Others

Subsidiary	Ownership
The Taal Company, Inc.	29.97
Tagaytay Properties and Holdings Corporation	26.04
Mindanao Appreciation Corporation	28.51
The Angeles Corporation	38.46

MABUHAY
HOLDINGS CORPORATION

August 09, 2019

THE PHILIPPINE STOCK EXCHANGE, INC.
PSE Tower, 5th Avenue corner 28th Streets
Bonifacio Global City, Taguig City

Attention: **MS. JANET A. ENCARNACION**
Head, Disclosure Department

Subject: **MABUHAY HOLDINGS CORPORATION**
Second Quarter Report ended June 30, 2019

Gentlemen:

We submit herewith a copy of the Second Quarter Report for the period ended June 30, 2019 (SEC Form 17-Q) of MABUHAY HOLDINGS CORPORATION.

Hope you will find this in order. Thank you.

Very truly yours,

Gloria Georgia G. Garcia
Treasurer and Corporate Compliance Officer

35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, Philippines
Tel. (632) 7502000 Fax (632) 7510773

SEC Registration Number

0	0	0	0	0	1	5	0	0	1	4

Company Name

MABUHAY HOLDINGS CORPORATION

Principal Office (No./Street/Barangay/City/Town/Province)

35TH FLOOR

RUFINO PACIFIC TOWER

6784 AYALA AVENUE

MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, if applicable
17-Q		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number(s)	Mobile Number
mabuhayholdings@yahoo.com	750-2000	

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number(s)	Mobile Number
GLORIA GEORGIA G. GARCIA	ghiegarcia71@yahoo.com	750-2000	

Contact Person's Address

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

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the Quarter Ended **June 30, 2019**

2. Commission Identification Number: **150014**

3. BIR Tax Identification Number: **047-000-473-206**

4. Exact Name of issuer as specified in its charter: **MABUHAY HOLDINGS CORPORATION**

5. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**

6. Industry Classification Code: _____ (SEC Use Only)

7. Address of Principal Office: **35/F Rufino Pacific Tower, Ayala Avenue, Makati City**

8. Issuer's Telephone Number, Including Area Code: **(632) 750-2000**

9. Former Name, former address, former fiscal year, if changed from last report:

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

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

11. Are any or all of these securities are listed on the Philippine Stock Exchange.

Yes [✓] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange	**Common stock**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 to 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports)

Yes [✓] No [ ]

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

Yes [✓] No [ ]

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MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2019 AND DECEMBER 31, 2018
(All amounts in Philippine Peso)

	Unaudited June 30, 2019	Audited December 31, 2018
ASSETS		
Current Assets		
Cash	₱187,471,254	₱193,312,456
Financial assets at fair value through profit or loss	328,743,996	392,936,944
Notes and other receivables, net	120,459,397	111,800,706
Prepayments and other current assets	2,891,415	2,678,997
Total current assets	639,566,062	700,729,103
Non-Current Assets		
Property and equipment, net	1,806,480	2,331,546
Investment properties	400,270,000	400,270,000
Total non-current assets	402,076,480	402,601,546
TOTAL ASSETS	₱1,041,642,542	₱1,103,330,649
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	₱20,662,296	₱19,330,556
Borrowings	13,624,642	13,624,642
Advances from related parties	9,002,166	9,002,267
Provision for litigation claims	47,770,052	47,770,052
Deposit for future share subscriptions	194,695,274	194,695,274
Total current liabilities	285,754,430	284,422,791
Non-Current Liabilities		
Provision for retirement benefits	1,853,632	1,881,793
Deferred income tax liabilities, net	118,845,832	118,845,832
Total non-current liabilities	120,699,464	120,727,625
Total Liabilities	406,453,894	405,150,416
EQUITY		
Attributable to Shareholders of the Parent Company		
Share capital	₱975,534,053	₱975,534,053
Treasury shares	(58,627,864)	(58,627,864)
Retained earnings (deficit)	(436,419,221)	(372,020,560)
	480,486,968	544,885,629
Non-controlling interest	154,701,680	153,294,604
Total equity	635,188,648	698,180,233
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	₱1,041,642,542	₱1,103,330,649

See accompanying notes to consolidated financial statements.

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME
FOR THE QUARTERS ENDED JUNE 30, 2019 AND 2018

(All amounts in Philippine Peso)

Unaudited

	Quarters Ended April 1 - June 30		Year-to-Date January 1 - June 30	
	2019	2018	2019	2018
INCOME				
Rental	₱1,953,785	₱1,869,535	₱3,858,378	₱3,710,416
Unrealized gain on revaluation of securities	28,998,503	38,914,961	-	38,914,961
Gain on disposal of assets	-	30,527,170	227,866	30,527,170
Others	38,096	5,777	169,143	9,988
	30,990,384	71,317,443	4,255,387	73,162,535
EXPENSES				
Salaries and employee benefits	2,267,386	1,066,440	3,921,522	2,077,863
Depreciation	182,177	270,262	525,066	501,343
Professional fees	238,671	207,483	446,875	414,967
Unrealized loss on revaluation of securities	-	-	66,967,540	-
Other operating expenses	2,850,389	3,734,013	6,928,117	6,915,384
	5,538,623	5,278,198	78,789,120	9,909,557
INCOME (LOSS) FROM OPERATIONS	25,451,761	66,039,245	(74,533,733)	63,252,978
FINANCE INCOME (COST)				
Interest income	5,952,547	5,393,953	12,365,620	11,484,631
Interest expense	-	(18,363,253)	-	(20,845,055)
Foreign exchange gains (losses), net	(59,152)	661,589	(146,294)	(5,331,449)
	5,893,395	(12,307,711)	12,219,326	(14,691,873)
INCOME (LOSS) BEFORE INCOME TAX	31,345,156	53,731,534	(62,314,407)	48,561,105
PROVISION FOR INCOME TAX	419,683	11,772,794	677,178	10,269,154
NET INCOME (LOSS)	30,925,473	41,958,740	(62,991,585)	38,291,951
OTHER COMPREHENSIVE INCOME (LOSS)	-	(9,257)	-	(19,131)
TOTAL COMPREHENSIVE INCOME (LOSS)	₱30,925,473	₱41,949,483	(₱62,991,585)	₱38,272,820
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Parent Company	₱27,285,635	₱41,983,617	(₱64,398,661)	₱39,176,268
Non-controlling interest	3,639,838	(24,877)	1,407,076	(884,317)
	₱30,925,473	₱41,958,740	(₱62,991,585)	₱38,291,951
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Parent Company	₱27,285,635	₱41,983,617	(₱64,398,661)	₱39,176,268
Non-controlling interest	3,639,838	(34,134)	1,407,076	(903,448)
	₱30,925,473	₱41,949,483	(₱62,991,585)	₱38,272,820
Basic and diluted earnings (loss) per share attributable to shareholders of the Parent Company	0.02797	0.04304	(0.06601)	0.04016

See accompanying notes to consolidated financial statements.

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTERS ENDED JUNE 30, 2019 AND 2018

(All amounts in Philippine Peso)

Unaudited

	Equity Holders of the Company				
	Share Capital (Note 10)	Treasury Shares (Note 10)	Retained Earnings (Deficit)	Non-controlling Interest	Total
Balances at December 31, 2017	₱975,534,053	(₱58,627,864)	₱103,404,207	₱138,246,083	₱1,158,556,479
Comprehensive Income (Loss)					
Net income (loss) for the period	-	-	39,176,268	(884,317)	38,291,951
Other comprehensive loss	-	-	-	(19,131)	(19,131)
Derecognition of share in net earnings of an associate			(667,400,794)		(667,400,794)
Total comprehensive income (loss) for the period	-	-	(628,224,526)	(903,448)	(629,127,974)
Balances at June 30, 2018	₱975,534,053	(₱58,627,864)	(₱524,820,319)	₱137,342,635	₱529,428,505
Balances at December 31, 2018	₱975,534,053	(₱58,627,864)	(₱372,020,560)	₱153,294,604	₱698,180,233
Comprehensive Income (Loss)					
Net income (loss) for the period	-	-	(64,398,661)	1,407,076	(62,991,585)
Other comprehensive income	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	(64,398,661)	1,407,076	(62,991,585)
Balances at June 30, 2019	₱975,534,053	(₱58,627,864)	(₱436,419,221)	₱154,701,680	₱635,188,648

See accompanying notes to consolidated financial statements.

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE QUARTERS ENDED JUNE 30, 2019 AND 2018

(All amounts in Philippine Peso)

Unaudited

	Jan 1 - June 30 2019	Jan 1 - June 30 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
INCOME (LOSS) BEFORE INCOME TAX	(₱62,314,407)	₱48,561,105
Adjustments for:		
Unrealized gain(loss) on revaluation of securities	66,967,540	(38,914,961)
Depreciation	525,066	501,343
Gain on disposal of assets	(227,866)	(30,527,170)
Interest income	(12,365,620)	(11,484,631)
Interest expense	-	20,845,055
Dividend income	(69,143)	-
Operating profit (loss) before working capital changes	(7,484,430)	(11,019,259)
Decrease (increase) in:		
Notes and other receivables	(405,693)	552,743
Prepayments and other current assets	(212,418)	(129,183)
Increase (decrease) in:		
Accounts payable and other current liabilities	626,401	(58,612,466)
Advances from related parties	(101)	(8,654,104)
Cash provided by (used in) operating activities	(7,476,241)	(77,862,269)
Interest received	4,112,622	-
Dividend received	69,143	-
Net cash used in operating activities	(3,294,476)	(77,862,269)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of securities	1,863,814	-
Proceeds from disposal of an associate	-	308,393,824
Collection of notes receivable	-	60,033,495
Interest received	-	44,966,505
Acquisitions of property and equipment	-	(2,190,180)
Additional investment in securities	(4,410,540)	-
Net cash provided by (used in) investing activities	(2,546,726)	411,203,644
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment of borrowings	-	(126,321,700)
Net cash used in financing activities	-	(126,321,700)
NET INCREASE (DECREASE) IN CASH	(5,841,202)	207,019,675
Cash at January 1	193,312,456	5,620,579
Cash at June 30	₱187,471,254	₱212,640,254

See accompanying notes to consolidated financial statements.

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED AGING OF NOTES AND OTHER RECEIVABLES
AS OF JUNE 30, 2019

	TOTAL	1-30 DAYS	31-60 DAYS	OVER 61 DAYS
Phil. Infradev Holdings, Inc. (formerly IRC Properties, Inc.)	116,204,010	1,687,794	1,426,481	113,089,735
Sta. Mesa Heights Holdings Corp.	574,872			574,872
Eduardo V. de Mesa	600,000			600,000
Castillo Laman Tan Pantaleon	105,977			105,977
Others	2,974,538	359,853		2,614,685
Totals	₱120,459,397	₱2,047,647	₱1,426,481	₱116,985,269

Note 1 - General information

Mabuhay Holdings Corporation (the Company or Parent Company) was incorporated in the Philippines on April 6, 1988 primarily to engage in the acquisition of and disposal of investments in marketable securities, shares of stock and real estate properties. The Parent Company is 29.85% owned by Asia Development Capital Co. Ltd., a company incorporated and registered in Tokyo, Japan on February 7, 1922 to engage in the sale, development, brokerage and leasing of real estate properties. The remaining 70.15% 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 Company and its subsidiaries (the "Group") have no significant commercial operations as at June 30, 2019 and December 31, 2018. The subsidiaries' operations consist mainly of preservation and maintenance of existing investment properties.

For the past years, the Group's main focus was to support the projects of its then main associate, Philippine Infradev Holdings, Inc. (formerly IRC Properties Incorporated) (IRC), by assisting it to secure funding for its 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. In 2018, the Group sold a significant part of its shareholding in IRC.

The 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 7 employees as at June 30, 2019 and December 31, 2018.

Note 2 - Cash

The account at June 30 and December 31 consists of:

	June 30, 2019	Dec 31, 2018
Cash in banks	187,455,254	193,297,456
Cash on hand	16,000	15,000
	187,471,254	193,312,456

Cash in banks earn interest at the prevailing bank deposit rates.

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

Movements in financial assets at fair value through profit or loss (FVPL) for the period ended June 30, 2019 and the year ended December 31 are as follows:

	June 30, 2019	Dec 31, 2018
Balance as at January 1	392,936,944	1,982,245
Reclassification	-	474,325,358
Additions	4,410,540	7,129,443
Disposals	(1,635,948)	(2,143,482)
Loss on revaluation of securities	(66,967,540)	(88,356,620)
Balance as at December 31	328,743,996	392,936,944

The account as at June 30, 2019 and December 31, 2018 consists of listed equity shares with fair value based on current bid prices in an active market (level 1 valuation). 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.

In 2018, the Group reclassified its investments in IRC shares previously held as an investment in an associate with a carrying amount of P472,694,834 and its available for sale securities with fair value of P1,630,524 to Financial Assets at FVPL.

In 2019, the Parent Company subscribed to additional stock rights with a total cost of P4,410,540 (2018 - nil).
In 2019, the Parent Company sold listed equity shares with fair value of P1,635,948 (2018 - nil) resulting in a gain of P227,866 (2018 - nil). The proceeds for both were collected during the sale period.

The Group's investment in shares of stock in IRC is used as collateral for the Group's borrowings with a related party.

Note 4 - Notes and other receivables

The account at June 30 andDecember 31 consists of:

	June 30, 2019	Dec 31, 2018
Notes receivable, including interest	112,402,332	104,149,336
Rent receivable	3,231,069	2,934,745
Due from related parties	226,070	180,290
Advances and other receivables	4,599,926	4,536,335
	120,459,397	111,800,706

Notes receivable represents loans granted to IRC with no definite payment terms and bears annual interest rates ranging from 12% to 18%. The account also includes accrued interest receivable. These loans are due and demandable at reporting dates.

In 2018, IRC paid off portion of the notes receivable amounting to P105.00 million of which P60.03 million pertains to payment of interest. There were no collections in 2019.

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

Note 5 - Property and equipment

Details of property and equipment as at and for the periods ended June 30, 2019 and December 31, 2018 follow:

	Furniture and fixtures	Office equipment	Communication and other equipment	Office condominium	Transportation equipment	Building improvements	Total
COST							
Balances as at December 31, 2018	1,662,116	760,592	185,182	13,746,305	7,530,090	3,859,242	27,743,527
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balances as at June 30, 2019	1,662,116	760,592	185,182	13,746,305	7,530,090	3,859,242	27,743,527
ACCUMULATED DEPRECIATION							
Balances as at December 31, 2018	1,662,116	699,295	174,376	13,619,098	5,556,019	3,701,077	25,411,981
Additions	-	12,980	1,473	127,207	225,241	158,165	525,066
Disposals	-	-	-	-	-	-	-
Balances as at June 30, 2019	1,662,116	712,275	175,849	13,746,305	5,781,260	3,859,242	25,937,047
NET BOOK VALUES							
December 31, 2018	-	61,297	10,806	127,207	1,974,071	158,165	2,331,546
June 30, 2019	-	48,317	9,333	-	1,748,830	-	1,806,480

Depreciation expense of P525,066 is charged to expenses. There were no disposals during the period.

Note 6 - Investment properties

The Group's investment properties include several parcels of land and condominium units held for lease. Land includes properties of The Taal Company, Inc. (TTCI) and Tagaytay Properties and Holdings Corporation (TPHC), subsidiairies, 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 676 square meters, is being leased out to third parties by the Parent Company.

Note 7 – Accounts payable and other current liabilities

The account at June 30 and December 31 consists of:

	June 30, 2019	Dec 31, 2018
Accounts payable and other accrued expenses	17,113,976	15,970,652
Accrued interest on borrowings	3,179,506	3,179,506
Income taxes payable	366,314	76,315
Others	2,500	104,083
	20,662,296	19,330,556

Accounts payable and accrued expenses represent third party payables and accruals on employee benefits, legal and other professional fees all payable on demand.

Note 8 - Borrowings

Borrowings at June 30 and December 31 consist of unsecured short-term interest-bearing loans obtained from the following:

	June 30, 2019	Dec 31, 2018
Third party	-	-
Related party	13,624,642	13,624,642
	13,624,642	13,624,642

The net debt reconciliation as at June 30 and December 31 is presented below:

	June 30, 2019	Dec 31, 2018
Borrowings as at beginning of period	13,624,642	135,054,491
Changes arising from:		
Cash flows	-	(121,429,849)
Non-cash flows	-	-
Borrowings as at end of period	13,624,642	13,624,642
Cash as at end of period	(187,471,254)	(193,312,456)
Net debt as at end of period	(173,846,612)	(179,687,814)

Note 9 - Deposits for future share subscriptions

In 1997, the Parent Company received from certain shareholders deposits on future stock subscriptions amounting to P241.62 million. Movements of P46.93 million in 2008 pertain to cancellation of subscription with the amount previously received as deposits applied against the Group's advances to concerned shareholders. There were no movements in the account for 2019 and 2018.

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

Note 10 - Equity

(a) Share capital

Share capital at June 30, 2019 and December 31, 2018 consist of:

Common shares – P1 par value	
Authorized	4,000,000,000
Subscribed and issued	1,200,000,000
Subscriptions receivable	(224,465,947)
Paid, issued and outstanding	975,534,053
Treasury shares	(58,627,864)
	916,906,189

(b) Treasury shares

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

Note 11 - Basic and diluted earnings per share

The computation of basic earnings per share for the period ended June 30 and December 31 follows:

	2019	2018
Net income (loss) attributable to shareholders of the Parent Company	(₱64,398,661)	(₱475,424,767)
Divided by the average no. of outstanding common shares	975,534,053	975,534,053
Basic earnings (loss) per share	(0.06601)	(0.4873)

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

Note 12- Related party transactions

The Group's transactions with related parties include those with associates and other related parties described below:

a) Due from related parties

Details of the accounts at June 30 and December 31 follow:

	June 30, 2019	Dec 31, 2018
Entities under common control		
Intrinsic Value Management (IVM) Phil. Strategic International Holdings Inc. (PSIHI) South China Sea Holdings Corporation (SCHC)	226,070	180,290

b) Due to related parties

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

	June 30, 2019	Dec 31, 2018
Borrowings from		
Entity under common control		
Intrinsic Value Management (IVM)	13,624,642	13,624,642
Advances from		
Entity under common control		
Intrinsic Value Management (IVM)		
Phil. Strategic International Holdings Inc. (PSIHI)	9,002,166	9,002,267

The above advances are non-interest bearing and are payable on demand thus, considered current.

Note 13 - Leases

In 2009, the Company 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 (Notes 5 and 6). The remaining portion is leased to other parties.

Note 14- Salaries and employee benefits

Salaries and employee benefits for the period January 1 to June 30, 2019 and 2018 consist of:

	June 30, 2019	June 30, 2018
Salaries and wages	1,975,626	1,498,511
SSS, Philhealth and HDMF	62,620	59,718
Others	1,883,276	519,634
	3,921,522	2,077,863

Note 15 – Other Operating expenses

Other operating expenses for the period January 1 to June 30, 2019 and 2018 consist of:

	June 30, 2019	June 30, 2018
Taxes and licenses	1,387,180	3,039,262
Transportation and travel	1,538,118	892,012
Communication, light and water	348,666	276,887
Other fees	250,000	250,000
Miscellaneous	3,404,153	2,457,223
	6,928,117	6,915,384

Note 16- Contingencies

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

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

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

After divergent decisions by the arbitrator and regional trial court, the case was transferred to Court of Appeals for further proceedings. In 2013, a final decision has been rendered by the Court of Appeals, instructing the Company to pay the agreed guaranteed returns and arbitration costs including 12% interest calculated from the date of initial ruling amounting to P47,770,052 as shown in the statement of financial position under current liabilities.

Note 17 - Financial risk and capital management

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

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

17.1 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.

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

(b) Price risk
The Group's exposure on price risk is minimal and limited only to investments classified as at fair value through profit or loss (Note 3), investment properties (Note 6) 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 and borrowings. 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.

17.2 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.

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

17.3 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.

17.4 Fair value of financial assets and liabilities

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

17.5 Fair value hierarchy

The Group follows the fair value measurement hierarchy to disclose the fair values of its financial assets and liabilities. As at June 30, 2019 and December 31, 2018, 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 3 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.

17.6 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern. For this purpose, capital is represented by total equity as shown in the consolidated statement of financial position, as well as deposit for future share subscriptions presented under liabilities.

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

Given the absence of development activities undertaken by the Group, it does not require intensive capitalization as at June 30, 2019 and December 31, 2018. The Group's main objective is to ensure it has adequate funds moving forward to support its short-term and long-term plans..

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

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

Note 18 - Critical accounting estimate and judgment

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

18.1 Critical accounting estimate

Estimate of fair value of investment properties (Note 6)
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 2019 and 2018 amounted to P400.27 million. Where the estimated market value differs by 10% from management's estimates, the carrying amount of investment properties would have been P40.03 million higher or lower.

Retirement benefits
The present value of the defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used include the discount rate and rates of salary increases. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

18.2 Critical accounting judgments

(a) Impairment of financial assets
The loss allowances for cash, and notes and other receivables are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(b) Recognition of deferred income tax assets
Management reviews at each reporting date the carrying amounts of deferred income tax assets. The carrying amount of deferred income tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax assets can be utilized.

(c) Entities in which the Group holds less than 50% interest
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 no significant influence with an ownership of 11.40% in 2019 and 2018 and control has not been established. Consequently, this investment previously classified as an associate has been reclassified to financial assets at FVPL in 2018.

(d) Impairment of investment properties
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 P400.27 million as at June 30, 2019 and December 31, 2018. No impairment loss was recognized on investment properties for the period ended June 30, 2019 and the year ended December 31, 2018.

(e) Provision for litigation claims
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 June 30, 2019 and December 31, 2018 and is shown as a separate line item in the consolidated statement of financial position.

(f) Contingency
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 proceedings.

Note 19 - 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.

19.1 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 the 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 18.

19.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following amendments and improvements to existing standards and interpretations are effective for the financial year beginning on January 1, 2018 which are relevant to the Group's financial statements:

The Group has applied the following new standards for the first time for its annual reporting period commencing January 1, 2018:

- PFRS 9, Financial Instruments
- PFRS 15, 'Revenue from Contracts with Customers'

The Group had to change its accounting policies following the adoption of PFRS 9 and PFRS 15. There were no restrospective adjustments in relation to the adoption. The details of the Company's adoption are disclosed in Note 19.26.

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

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

- *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 Parent Company is a lessor on all of its lease agreements, hence, the adoption of the standard will not impact the Group's separate financial statements.

19.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at June 30, 2019 and December 31, 2018. 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.

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.

(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.

19.4 Cash

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

19.5 Financial instruments

19.5.1 Classification
The Group classifies its financial assets and liabilities according to the categories described below. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets and liabilities at initial recognition.

(a) Financial assets
From January 1, 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through OCI (FVOCI) or through profit or loss (FVPL), and
- those to be measured at amortized cost.

As at June 30, 2019 and December 31, 2018, the Group has financial assets classified as financial assets at amortized cost and financial assets at FVPL.

(i) Financial assets at amortized cost
Financial assets at amortized cost 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 classified as non-current assets. The Group's financial assets at amortized cost comprise cash in bank and notes and other receivables.

(ii) Financial assets at FVPL
Financial assets at FVPL are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, these are classified as non-current.

The Company's financial assets at FVPL are classified under this category.

(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.

The Group only has financial liabilities measured at amortized cost which include accounts payable and other current liabilities (excluding taxes payable and deferred rental income) and advances from related parties.

19.5.2 Recognition and measurement

(a) Initial recognition and measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the statement of comprehensive income under profit or loss.

(b) Subsequent measurement
(i) Financial assets at amortized cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains (losses) together with foreign exchange gains and losses. Significant impairment losses are presented as a separate line item in the statement of total comprehensive income under profit or loss.

(ii) Financial assets at FVPL
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 fair value gain (loss) on financial assets at FVPL in the period in which these arise. Dividend income from financial assets at FVPL is recognized under profit or loss in the statement of total comprehensive income as a separate line item when the Group's right to receive payment is established.

(iii) Financial liabilities
Financial liabilities at fair value through profit or loss are subsequently carried at fair value. Financial liabilities at amortized cost are measured at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of financial liabilities at fair value through profit or loss, including interest expense, are presented in profit or loss within 'Unrealized gain (loss) on securities' in the period in which these arise.

19.5.3 Impairment
From January 1, 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by PFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Group's management noted that the assessment of expected credit loss based on PFRS 9 is not materially different with current policy of the Group. As a result, there was no adjustment on the Group's retained earnings (deficit) as at January 1, 2018 as a result of the adoption of PFRS 9.

19.5.4 Derecognition

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

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

19.5.5 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty. As at June 30, 2019 and December 31, 2018, there are no financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

19.5.6 Accounting policies applied until December 31, 2017
The Group has applied PFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

(i) Classification
Until December 31, 2017, the Group classified its financial assets in the following categories:

- financial assets at FVPL,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

Subsequent measurement
Subsequent to the initial recognition, loans and receivables and held-to-maturity investments were carried at amortized cost using the effective interest method.

Available-for-sale financial asset and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognized as follows:

- for financial assets at FVPL - in profit or loss within other gains (losses);
- for available-for-sale financial asset that is a monetary security denominated in a foreign currency - translation differences related to changes in the amortized cost of the security were recognized in profit or loss and other changes in the carrying amount were recognized in other comprehensive income; and
- for other monetary and non-monetary securities classified as available-for-sale - in other comprehensive income.

(ii) Impairment
The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was 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) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

19.6 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.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Relevant accounting policies for classification, recognition, measurement and derecognition of notes and other receivables are presented in Note 19.5.

19.7 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.

19.8 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 year in which they 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.

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.

19.9 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 valuators. Changes in fair values are recorded in profit or loss as part of other income.

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

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of

reclassification becomes its cost for accounting purposes. Gain or loss arising on disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset. This is recognized in profit or loss.

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

19.10 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 investment properties are classified under Level 1 and Level 2, respectively.

19.11 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, land - are not subject to amortization and are tested annually for impairment. Assets that have definite useful life are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is

recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in

use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill for which an impairment loss has been recognized are reviewed for possible reversal of the impairment at each reporting date. An allowance is set-up for any substantial and presumably permanent decline in value of investments.

19.12 Accounts payable and other liabilities

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

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

Relevant accounting policies for classification, recognition, measurement and derecognition of accounts payable and other liabilities and other financial liabilities are presented in Note 19.5.

19.13 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.

19.14 Employee benefits

(a) *Retirement benefit obligation*
The Parent Company has less than 10 employees and has not yet formalized its employee retirement plan but it plans to provide retirement benefits. The retirement benefits under RA 7641 are considered as defined benefit plan. Defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The retirement obligation is equivalent to half-month compensation and calculated proportionately to the length of service of an employee.

(b) Other short-term benefits
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.

Liabilities for short-term employee benefits are derecognized when the obligation is settled, cancelled or has expired.

19.15 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 that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

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

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

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

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred 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 on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred income tax assets and liabilities are derecognized when related bases are realized or when it is no longer realizable.

19.16 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.

19.17 Subscription payable

Subscription payable represents unpaid portion of share capital subscriptions initially measured at fair value and subsequently measured at amortized cost using effective interest method.
Subscription payable is derecognized when the obligation has been paid.

19.18 Deposit for future share subscriptions

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

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

19.19 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.

19.20 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.

19.21 Revenue and expense recognition

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

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

(a) Rental income

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

(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 they are incurred.

19.22 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.

19.23 Foreign currency transactions and translation

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

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

19.24 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.

19.25 Contingency

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

19.26 Change in accounting policy

This note explains the impact of the adoption of PFRS 9, Financial Instruments and PFRS 15, Revenue from Contracts with Customers on the Group's financial statements.

(a) PFRS 9, Financial Instruments

The Group has adopted PFRS 9 with a date of transition of January 1, 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements. The Group did not early adopt PFRS 9 in previous periods.

As permitted by the transitional provisions of PFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings of the current period.

The adoption of PFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

Specified below are the disclosures relating to the impact of the adoption of PFRS 9 on the Group. Further details of the specific PFRS 9 accounting policies applied in the current period (as well as the previous PAS 39 accounting policies applied in the comparative period) are described in more detail in Note 19.5.

(i) Classification and measurement

The closing balances of cash in bank and notes and other receivables as at December 31, 2017 amounting to P5,620,579 and P196,021,880, respectively, show loans and receivables under amortized cost. As at January 1, 2018, these were reclassified into financial assets at amortized cost. These reclassifications have no impact on the measurement categories. The financial assets at amortized cost include cash in bank and notes and other receivables in the statement of financial position.

There were no changes to the classification and measurement of financial liabilities.

(ii) Impairment of financial assets

From January 1, 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by PFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Group's management noted that the assessment of expected credit loss based on PFRS 9 is not materially different with current policy of the Group. As a result, there was no adjustment on the Group's retained earnings (deficit) as at January 1, 2018 as a result of the adoption of PFRS 9.

(b) PFRS 15, Revenue from Contracts with Customers

PFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of 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. Under the new standard, the notion of control replaces the existing notion of risks and rewards.

The standard replaces PAS 18, Revenue, and PAS 11, Construction Contracts, and related interpretations. A five-step process must be applied before revenue can be recognized which include: (i) identification of contracts with customers; (ii) identification of the separate performance obligation; (iii) determination of the transaction price of the contract; (iv) allocation of the transaction price to each of the separate performance obligations; and (v) recognition of revenue as each performance obligation is satisfied. Revenue may also be recognized earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome, etc.) - minimum amounts must be recognized if these are not at significant risk of reversal. Further, the point at which revenue is able to be recognized may shift: some revenue which is currently recognized at a point in time at the end of a contract may have to be recognized over the contract term and vice versa. The Group has adopted the new standard effective January 1. 2018. The Group's revenue contracts do not have performance obligations other than to lease its investment properties. The adoption did not require any change in the Group's current revenue recognition policy.

19.26 Reclassification

Certain amounts in the 2017 consolidated financial statements have been reclassified to conform to the 2018 presentation, including the reclassification of provision for retirement benefits previously presented as part of accounts payable and other current liabilities now shown separately in the consolidated statement of financial position. Such reclassifications did not affect the previously reported net income or retained earnings or net cash flows.

19.27 Subsequent events (or events after the reporting date)

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

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the past years, the Group's main focus was to support the projects of its then main associate, Philippine Infradev Holdings, Inc. (formerly IRC Properties Incorporated) (IRC), by assisting it to secure funding for its 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.

In 2018, the Group sold a significant part of its shareholding in IRC. The Group plans to use the proceeds from the sale of IRC shares to acquire properties for rental purposes and concentrate on this as its main short-term operating activity. Management believes that this move is strategic and will be beneficial for the Group in the long run. The Group intends to become more liquid and flexible while pursuing bigger urban real property development projects.

The following comprise the Group's short-term and long-term plans:

1. To acquire developed properties with the intention of converting such properties for lease operations;
2. To acquire properties for development and to lease these properties;
3. To continue to retain its investment in stocks of IRC for capital appreciation and eventual cash flows from future dividend declarations; and
4. To continue to retain its investment properties for appreciation, and to plan for the possible development of the prime properties.

The planned acquisitions of rental yielding properties are expected to generate sustained cash inflows to support the Group's operations. Moreover, the remaining investment in IRC is expected to generate substantial dividend yield in the future upon completion of IRC's real estate projects in Binangonan, and the construction and operation of the Makati Subway System under the Public-Private Partnership Program of the Makati City Government.

The above plans will contribute to improve the results of operation of the Group in the following years.

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

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

The Company's equity position is in compliance with the minimum statutory requirements applicable to public companies. Given the very limited operating activities undertaken by the Group, it does not require intensive capitalization. The Group's main objective is to ensure it has adequate capital moving forward to pursue its land disposal plans at optimum gain. The Group does not anticipate heavy requirement for working capital in 2019.

Explanation to Accounts with Material Variance (June 2019 vs. December 2018)
Cash
Decrease of 3% or P5.84 million attributed largely to acquisition of additional investments in securities.

Financial assets at fair value through profit or loss
Decrease of 16% or P64.2 million mainly due to recognition of unrealized loss on revaluation of securities as of end of June 2019.

Notes and other receivables
Increase of 7.7% or P8.66 million mainly due to accrual of interest on notes receivable from IRC.

Prepayments and other current assets
Increase of 8% mainly due to prepaid taxes.

Property and equipment, net
Decrease of 23% or P0.525 million mainly due to depreciation charges for the first two quarters.

Accounts payable and other current liabilities
Increase of 7% or P1.332 million mainly due to accruals.

Results of Financial Operations

January to June 2019 compared with January to June 2018
A comparative review of the Registrant's financial operations for the six-month period ended June 30, 2019 vis-à-vis the same period of prior year showed the following:

From P2.25/share as of December 31, 2018, the market price of the Company's investment in IRC shares declined to P1.86/share as of June 30, 2019. This decline resulted in the recognition of unrealized loss on revaluation of securities of P66.97 million, hence, a net loss of P62.991 million as of June 30, 2019 as shown in the consolidated statements of total comprehensive income. In comparison, the June 30, 2018 total revenues included the gains recognized on the disposal of investment in IRC shares of P30.5 million and the unrealized gain on revaluation of securities due to market appreciation of the investment in IRC shares of P38.9 million as of cutoff date.

During the six-month period of 2019, Net Finance Income amounted to P12.2 million, from a net Finance Costs of P14.7 million in the same period of 2018. There are no Finance Costs in 2019 except for foreign exchange losses of P0.146 million. In 2018 total finance income is P11.48 million offset by finance cost of P20.8 million and foreign exchange losses of P5.3 million.

April to June 2019 compared with April to June 2018
For the quarter April to June 2019, the market price of IRC shares recovered and improved, from P1.69/share as of March 31, 2019 to P1.86/share as of June 30, 2019. Hence, the unrealized loss of P95.966 million recognized for the first quarter is offset by an unrealized gain of P28.998 million in the second quarter, or a net unrealized loss of P66.968 million as of June 30, 2019. There are no finance costs in the second quarter of 2019 other than foreign exchange losses. This resulted to a net income of P30.925 million for the period April to June 2019.

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.

Discussion of Material Events/Uncertainties Known to Management that would Address the Past and Impact on Future Operations

The Company does not have any material commitment for capital expenditures, in the short-term. It is not under any pressing obligation to pay its advances to affiliates. The Company has enough resources to cover payment of liabilities through the sale of some of its marketable securities. In the event that the Company will be required to settle its liabilities to third parties, it can do so by selling its listed securities and calling for payment of its notes and accounts receivable.

The Company does not have any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships with unconsolidated entities or other persons created during the reporting period.

ITEM 3 - KEY PERFORMANCE INDICATORS

The Company's key performance indicators are the following:

	June 30, 2019	Dec. 31, 2018
Net profit (loss) ratio	(14.8028)	(4.8774)
Return on assets	(0.0605)	(0.4173)
Return on equity	(0.0992)	(0.6594)
Current ratio	2.2382	2.4637
Acid test ratio	2.2280	2.4543
Debt to equity	0.6399	0.5803
Debt to asset	0.3902	0.3672
Asset to equity	1.6399	1.5803
Interest coverage	-	(19.5018)
Earnings (loss) per share	(0.0660)	(0.4873)

Notes:

1) Net profit ratio is computed by getting the ratio of Consolidated Net Income (Loss) to Total Revenues.
2) Return on assets is derived at by dividing Net income by Total Assets.
3) Return on Equity is arrived at by dividing Net income by Total Stockholders' equity.
4) Current Ratio is expressed as Current Assets : Current Liabilities.
5) Acid Test Ratio is expressed as total of Cash on hand and in banks + Financial assets at fair value+ Receivables : Current Liabilities.
6) Debt to equity is computed by dividing Total liabilities by Total stockholders' equity.
7) Debt to assets is expressed as Total liabilities: Total assets
8) Asset to equity is computed by dividing Total assets over Total stockholders' equity.
9) Interest coverage is arrived at by dividing Operating income by Interest expense.
10) Earnings (loss) per share is arrived at by dividing the Consolidated Net Income (Loss) attributable to Equity Holders of the Parent Company over the average no. of the outstanding common shares.

PART II – OTHER INFORMATION

ITEM 4 - NON-APPLICABILITY OF OTHER SEC-REQUIRED NOTES

Notes required to be disclosed but are not applicable to the Registrant are indicated below:

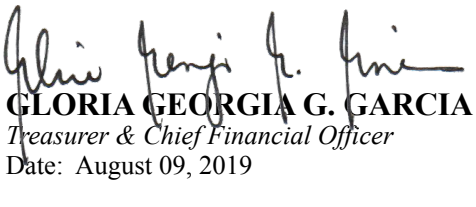
a. Assets Subject to Lien and Restrictions on Sales of Assets
b. Changes in Accounting Principles and Practices
c. Defaults
d. Preferred Shares
e. Pension and Retirement Plans
f. Restrictions which Limit the Availability of Retained Earnings for Dividend Purposes
g. Significant Changes in Bonds, Mortgages and Similar Debt
h. Registration with the Board of Investments (BOI)
i. Foreign Exchange losses Capitalized as part of Property, Plant & Equipment
j. Deferred Losses Arising from Long-Term Foreign Exchange Liabilities
k. Segment Reporting
l. Disclosure not made under SEC Form 17-C: None

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MABUHAY HOLDINGS CORPORATION
Issuer

ESTEBAN G. PEÑA SY
President
Date: August 09, 2019



GLORIA GEORGIA G. GARCIA
Treasurer & Chief Financial Officer
Date: August 09, 2019