SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

☐ Preliminary Information Statement

☑ Definitive Information Statement

2. Name of Registrant as specified in its charter

MJC Investments Corp.

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

Manila, Philippines

4. SEC Identification Number

10020

5. BIR Tax Identification Code

000-596-509

6. Address of principal office

12TH FLOOR STRATA 100, F. ORTIGAS JR. ROAD, ORTIGAS CENTER, PASIG CITY
Postal Code
1605

7. Registrant's telephone number, including area code

(632)6327373

8. Date, time and place of the meeting of security holders

JUNE 27, 2014, 2:00 P.M.; OAKWOOD, JOY I, 5TH FLOOR, 17 ADB AVENUE, ORTIGAS CENTER, PASIG CITY

9. Approximate date on which the Information Statement is first to be sent or given to security holders

Jun 4, 2014

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

NA

Address and Telephone No.

NA

11. Securities registered pursuant to Sections 8 and 12 of the 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 Outstanding and Amount of Debt Outstanding
COMMON	2,500,614,159

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

☑ Yes ☐ No

If yes, state the name of such stock exchange and the classes of securities listed therein:

PSE COMMON

MJC Investments Corporation
MJIC

PSE Disclosure Form 17-5 - Information Statement for Annual or Special Stockholders' Meeting

References: SRC Rule 20 and Section 17.10 of the Revised Disclosure Rules

Date of Stockholders' Meeting	Jun 27, 2014
Type (Annual or Special)	ANNUAL
Time	2:00 P.M.
Venue	OAKWOOD, JOY I, 5TH FLOOR, 17 ADB AVENUE, ORTIGAS CENTER, PASIG CITY
Record Date	May 29, 2014

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End date	N/A

Other Relevant Information
-

Filed on behalf by:

Name	Lemuel Santos
Designation	Corporate Information Officer

COVER SHEET

1 0 0 2 0

S.E.C. Registration Number

MJC INVESTMENTS CORPORATION

(Company's Full Name)

12TH FLOOR STRATA 100 BLDG.
F. ORTIGAS JR. ROAD
ORTIGAS CENTER, PASIG CITY

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

ATTY. LEMUEL M. SANTOS

Contact Person

632-7373

Company's Telephone Number

DEFINITIVE INFORMATION STATEMENT - 2014

1 2	3 1	20-IS	0 6	2 6
Month	*Day*	FORM TYPE	*Month*	*Day*
Fiscal Year			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

MJC
INVESTMENTS CORP.

INFORMATION STATEMENT

Pursuant to Section 20 of the Securities Regulations Code

FOR ANNUAL STOCKHOLDERS' MEETING

On June 27, 2014 [*Friday*]

Oakwood Joy I, 5th Floor
17 ADB Avenue, Ortigas Center, Pasig City

**WE ARE NOT ASKING FOR A PROXY and
YOU ARE REQUESTED NOT TO SEND US A PROXY**

MJC
INVESTMENTS CORP.
12F Strata 100 Bldg., F. Ortigas Jr. Road, Ortigas Center, Pasig City
Tel. No. 632-7373/Fax No. 631-2846

June 4, 2014

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Notice is hereby given that the annual stockholders' meeting of MJC Investments Corporation will be held on **June 27, 2014 (*Friday*)** at the **Oakwood, Joy I, 5th Floor, 17 ADB Avenue, Ortigas Center, Pasig City** at **2:00 P.M.** to take up the following:

1. Call to Order
2. Certification of Notice
3. Determination and Declaration of Quorum
4. Approval of the minutes of the Annual Stockholders' meeting held on June 26, 2013.
5. Report of the President
6. Ratification of all acts of the Board and Management
7. Election of Directors
8. Appointment of External Auditor
9. Adjournment

Stockholders of Record as of May 29, 2014 shall be entitled to attend and vote at said meeting. As per the By-Laws of the Corporation, the cut-off date for the submission of proxies is on June 25, 2014.

Minutes of the last stockholders meeting and resolutions of the Board of Directors will be available for examination during office hours at the office of the Corporate Secretary

By Authority of the Board of Directors.

Ferdinand A. Domingo

FERDINAND A. DOMINGO
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC Form 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

SECURITIES AND EXCHANGE COMMISSION
MAY 30 2014
BY MARKET REGULATION DEPT.
TIME 4:35 PM

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [X] Definitive Information Statement

2. Name of Registrant as specified in its charter MJC INVESTMENTS CORPORATION

3. Province, Country or other jurisdiction of incorporation or organization Philippines

4. SEC Identification Number 10020

5. BIR Tax Identification No. 000-596-509

6. **12/F Strata 100 Building**
   F. Ortigas Jr. Road, Ortigas Center
   Pasig City — Address
   1605 — Postal Code

7. (02) 632-7373
   Registrant's telephone number, including area code

8. Date, time and place of the meeting of security holders

   June 27, 2014, 2:00 P.M.; Oakwood, Joy I, 5th Floor, 17 ADB Avenue, Ortigas Center, Pasig City

9. Approximate date on which the Information Statement is first to be sent or given to security holder June 4, 2014
   In case of Proxy Solicitations:

   Name of Person Filing the Statement/Solicitor : N.A.

   Address and Telephone No. : N.A.

10. Securities registered

Title of Each Class	Number of Shares of Common Stock Outstanding
Common	2,500,614,159

11 Are any or all of registrant's securities listed on the Philippine Stock Exchange?

Yes x No ______

A. GENERAL INFORMATION

1. Date, time and place of meeting of security holders.

Date	:	June 27, 2014 (*Friday*)
Time	:	2:00 p.m.
Place	:	Oakwood, Joy I, 5th Floor, 17 ADB Avenue, Ortigas Center, Pasig City
Record Date	:	May 29, 2014

The corporate mailing address of the registrant is 12/F, Strata 100 Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City.

The approximate date on which the Information Statement will first be sent to security holders is June 4, 2014.

2. Dissenters' Right of Appraisal

The Corporation Code provides that a stockholder has the right to dissent and demand payment of the fair value of his shares in case of any amendment of the Articles of Incorporation which has the effect of changing or restricting the rights of any stockholders or class of shares or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the terms of corporate existence or in case of sale, lease, exchange, transfer, mortgage or other disposition of all or substantially all of the corporate property and assets or and in case of merger or consolidation. The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair market value of shares.

There are no matters to be taken up in the meeting that may give rise to the exercise of the right of appraisal.

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

   a. No director, officer, or nominee for election as director has substantial interest in any matter to be acted upon, other than election to office.

   b. No director has informed the registrant in writing that he intends to oppose any action to be taken at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

4. Voting Securities and Principal Holders Thereof

   a. Number of shares outstanding as of Record Date of May 29, 2014.

      Common 2,500,614,159

   b. Number of Foreign Ownership: 71,831 common shares

c. Percentage of Foreign Ownership Level: 0.00%

Each security holder shall be entitled to as many number of votes as the number of shares held.

d. Record date: May 29, 2014

e. Cumulative Voting Rights

Each security holder is entitled to cumulative voting rights pursuant to Section 24 of the Corporation Code of the Philippines allows cumulative voting in the election of directors and thus provides:

> "Sec. 24. Election of directors or trustees. - *xxx* In stock corporations, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, at the time fixed in the by-laws, in his own name on the stock books of the corporation, or where the by-laws are silent, at the time of the election; and said stockholder many vote such number of shares for as may 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 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: *xxx*"

d. Security Ownership of Certain Beneficial Owners and Management

a. Stockholders Owning at Least 5% of the Outstanding Capital Stock as of May 29, 2014 [*Record Date*].

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares	Percentage
Common	Manila Jockey Club, Inc.	Alfonso R. Reyno, Jr. – Chairman & CEO	Filipino	708,160,137	28.32%

(2) Security Ownership of Management as of May 29, 2014 [Record Date]

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	%
Common	ALFONSO R. REYNO, JR.	14,582,704 Direct	Filipino	1.07%
Common	BERNADETTE QUIROZ	1 Direct	Filipino	0.00%
Common	ALFONSO G. REYNO III	1 Direct	Filipino	0.00%
Common	MARIZA SANTOS-TAN	1 Direct	Filipino	0.00%
Common	TEIK SENG CHEAH	1 Direct	Filipino	0.00%
Common	JOHN ANTHONY B. ESPIRITU	1 Direct	Filipino	0.00%
Common	CHRISTOPHER G. REYNO	1 Direct	Filipino	0.00%
Common	JOSE A. RUBIO	1 Direct	Filipino	0.00%
Common	DENNIS RYAN C. UY	1 Direct	Filipino	0.00%
Common	VICTOR P. LAZATIN	1 Direct	Filipino	0.00%
Common	LAURITO E. SERRANO	1 Direct	Filipino	0.00%
Common	FERDINAND A. DOMINGO	240,022 Direct	Filipino	0.02%
Common	LEMUEL M. SANTOS	1 Direct	Filipino	0.00%
Common	RODOLFO B. REYNO	0 Direct	Filipino	0.00%
Common	All Officers and Directors	14,822,726		1.09%

(3) Voting Trust Holders of 5% or More

The Corporation is not aware of any person who holds any of its securities under a voting trust or similar agreement.

(4) Changes in Control

The Corporation is not aware of any arrangement which may result in the change in its control.

(5) Directors and Executive Officers (as of May 29, 2014)

ALFONSO R. REYNO, JR.

Filipino, was born on July 8, 1944. He graduated from the University of the Philippines in 1965 with a degree of Bachelor of Arts, Political Science and finished his Bachelor of Laws degree in the same school in 1969. He formerly occupied the following government positions: Deputy Minister of Defense (1984-1986), Member of the Batasang Pambansa (1984-1986), Vice Governor of Cagayan (1980-1984), Member of the Board of Trustees of the Cagayan State University (1979-1986). He is affiliated with and occupies the following positions in various institutions, during the last five (5) years viz: Chairman and President, Manila Jockey Club, Inc. (March 1, 1997 to Present), Chairman and President, Arco Management & Development Corporation, Arco Equities, Inc., Arco Ventures, Inc. (1995 to Present), Bonaventure Development Corporation (1983 to Present); Managing Partner, Reyno Tiu Domingo & Santos Law Offices (1976 to Present). He resides at No. 4 Pili Road, South Forbes Park, Makati City.

BERNADETTE V. QUIROZ

Ms. Quiroz obtained her *Juris Doctor* (J.D.) from the Ateneo de Manila University in 2007. Upon admission to the Philippine Bar in 2008, she worked for Baniqued & Baniqued, Attorneys-at-Law until 2013. She has been a Certified Public Accountant since 2002, receiving her degree in Bachelor of Science in Accountancy from the University of Santo Tomas in the same year, and has worked as auditor for SGV & Co. shortly before attending law school.

ALFONSO VICTORIO G. REYNO III

Filipino, was born on March 7, 1970 and a lawyer by profession. He is affiliated with and occupies the following position in various institutions in the last five (5) years, viz: President, Arco Ventures, Inc. (1995 to Present), Director, Arco Management & Development Corporation, Bonaventure Development Corporation, Arco Equities, Inc., Junior Associate, ACCRA Law Offices (1997-1999), Junior Partner, Reyno Tiu Domingo & Santos Law Offices (1999 to present). He is currently a Director of the Philippine Bar Association.

MARIZA SANTOS-TAN

Filipino, was born on May 29, 1958 at Quezon City. She graduated from the San Sebastian College with a degree, Bachelor of Science in Commerce. At present, she is affiliated with and occupies the following positions in various institutions in the last five (5) years, viz: Director, Consolidated Insurance Co., Inc.; Unioil Resources and Holdings Co., Inc.; Vice Chairman and Director, Manila Jockey Club, Inc.; Vice-President and Corporate Secretary, Sta. Lucia Realty Development, Inc.; Director and Corporate Secretary, Sta. Lucia East Grandmall and Orchard Golf and Country Club; President, Royale Tagaytay Golf and Country Club. She resides at Cluster 351A Alexandra Condominium, Meralco Avenue, Pasig City, Metro Manila.

TEIK SENG CHEAH

Malaysian, was born in December 9, 1953 at Pulau Pinang. He graduated from the University of Manchester in the United Kingdom and is a Fellow of Chartered Accountants in England and Wales. He is the founding and managing partner of Aktis Singapore, an independent director of Malayan Banking Berhad, providing supervisory oversight to May Bank Investment Bank and Maybank Venture, of which he is the Chairman. He began in the civil service in the Ministry of Finance in Malaysia and has since worked in Kuala Lumpur, Singapore, London and Hong Kong with various commercial and investment banks. He worked as Managing Director of Paribas and BNP Paribas in Hong Kong. Over the past 14 years, Mr. Cheah has been involved in advisory as well as origination and distribution of capital market transactions in various Asian markets, having held senior management positions at the most prestigious investment banks including UBS Hong Kong and Singapore, Goldman Sachs Hong Kong, Merill Lynch Hong Kong and Chase Manhataan Bank.

JOHN ANTHONY B. ESPIRITU

Filipino, was born on July 12, 1963. He graduated from University of Michigan, Ann Arbon Michigan, United States with a degree of Bachelor of Business Administration in May 1985. He also obtained from said university and masteral degree in Business Administration in May 1990. He occupied and is currently holding the following position during the last five (5) year: President/Director of EBE Land, Inc. (January 1997 to present); Chairman /Publisher of the Philippine news, San Francisco, California (November 2004 to present); Director of Asia-Pacific Medical Corp of Saipan, Northern Marianas Islands (June 1998 to present). He is currently an independent director of MJCI. He resides at Penthouse B, Ritz Towers, Ayala Avenue, Makati City.

CHRISTOPHER G. REYNO

Filipino, was born on October 30, 1975. He graduated from De La Salle University in 1997 with a degree of Bachelor of Arts major in Liberal Arts. He is affiliated with and occupies the following positions in various institutions during the last five years, viz: Director, ARCO Management & Development Corporation; Director ARCO Ventures, Inc.; Director, ARCO Equities, Inc.; Director, Bonaventure Development Corporation and Technical Assistant, Board of Directors of the Philippine National Bank. He resides at No. 4 Pili Road, South Forbes Park, Makati City.

JOSE A. RUBIO

Mr. Rubio was Senior Vice President at Philippine National Bank ("PNB") and has over 35 years of banking industry experience, including various positions in international banking, remittance, budgeting, corporate planning, controllership, systems design/improvement, branch banking, audit and lending operations including the head of the corporate banking group at PNB, overseeing the financing activities for major corporate accounts in areas including real estate, construction, telecommunications, power and energy, manufacturing, hotels, tourism and services. He was a former member and Director of the Bank Administration Institute of the Philippines, an association of local and foreign banks. Mr. Rubio has a Bachelor of Science in Business Administration in Accounting from the University of the East in Manila (cum laude).

DENNIS RYAN C. UY

Mr. Uy is an experienced industrial engineer who obtained his bachelor's degree from the Mapua Institute of Technology in 1999. The last fourteen years of his career was spent in the areas of systems improvement and automation, investment planning, asset management, and cost engineering across various multinational firms. He holds a Master of Business Administration degree from the Ateneo de Manila University.

VICTOR P. LAZATIN

Filipino and was born on August 16, 1947. He graduated from University of the Philippines with a degree of AB Economics in 1967 and finished his Bachelor of Laws degree in the same school in 1971, Cum Laude. Obtained a Masters of Law from University of Michigan in 1974. He resides at 237 West Batangas St., Ayala Alabang, Muntinlupa City. In the last five (5) years or more, he is affiliated with and occupied the following positions in various institutions, viz: Director, ACCRA Investment Corporation (*1980-2008*), Corporate Secretary/Director, Wide Wide World Express (*1995-2008*), Corporate Secretary, Oribanex Holdings (*1996-2008*), Chairman, Timog Silangan Development Corp. (*1976-2008*), President, Devinelle Provident lands, Inc. (*1995-2008*), President, Banana d' Or (*2001-2008*), President, Brodlas Realty Inc. (*2000-2008*), Senior Partner, Angara Abello Concepcion Regala & Cruz Law Offices (*2002 to present*). He was elected as Independent Director of MIC on February 6, 2009.

LAURITO E. SERRANO

Filipino. He is a Certified Public Accountant with a Master of Business Administration degree from the Harvard Graduate School of Business. He currently serves as independent director and Chairman of the Audit and Risk Management Committee of Atlas Consolidated Mining and Development Corporation. He is also a director of The Philippine Veterans Bank and a member of its Corporate Governance and Audit Committees; an independent director of the APC Group, Inc.; and a director of MRT Development Corporation, among others. Mr. Serrano is also a former partner of the Corporate Finance Consulting Group of SGV & Co.

FERDINAND A. DOMINGO

Filipino, was born on June 22, 1952. He graduated from the University of the Philippines in 1972 with a degree of Bachelor of Arts and Political Science and finished his Bachelor of Laws degree in the same school in 1977. In the last five (5) years or more he is affiliated with and occupies the following positions in various institutions, viz: Senior Partner, Reyno Tiu Domingo & Santos Law Offices (September 1, 1991 to Present); Corporate Secretary and General Counsel, Manila Jockey Club, Inc. (up to present); Corporate Secretary, MJC Investments Corporation (up to present); President, Aries Prime Resources, Inc., (July 10, 2003 to 2009); Director, CICI General Insurance Corporation (May 2001 to Present); Director, United Overseas Bank (May 2001 to July 2002); Corporate Secretary, Westmont Bank (May 17, 2000 to January 16, 2004); Corporate Secretary, Planters Products, Inc. (October 20, 1998 to January 2001); Director, PNB Holdings Ltd. and PNB Hongkong Branch (1998 to February 2000); Bank Attorney, Philippine National Bank (1978-1984; Corporate Secretary, Philippine Racing Club, Inc. (1994-1997); Legal Counsel and Corporate Secretary, National Steel Corporation (May 3, 1995 to March 1997). He resides at No. 14 Lopez Jaena Street, Ayala Heights, Quezon City.

LEMUEL M. SANTOS

Filipino, was born on April 3, 1951. He graduated from the University of the Philippines in 1973 with a degree of Bachelor of Arts in Political Science and finished his Bachelor of Laws degree in the same school in 1977. In the last five (5) years or more, he is affiliated with and occupies the following positions in various institutions, viz: Managing Partner, Reyno, Tiu, Domingo & Santos Law Offices (1991 up to present); Assistant Corporate Secretary, Manila Jockey Club, Inc. (up to present); Corporate Information and Compliance Officer, MJC Investments Corporation (up to present), Director, Asian Gem's Tourism Foundation, Inc. (up to present); Director, Happychow Foods Corp. (up to present); Corporate Secretary, Cordym Tours & Travel, Inc. (up to present); Corporate Secretary, Happychow Foods Corp. He resides at 84 D. Tuason Street, B.F. Homes, Parañaque, 1718 Metro Manila.

RODOLFO B. REYNO, JR.

Filipino and was born on October 17, 1948. A Certified Public Accountant, held the following positions in Maynilad Water Services Inc., as follows: CFO/Treasurer, Head of Administration and Finance, Head of Logistics, Head of Internal Audits and Corporate Governance Office and Comptroller. Worked with Manila Electric Company as an Internal Auditor, Head of Treasury Operations, and Head of various departments of Meralco Industrial Engineering Services Corporation (MIESCOR). Likewise, Director and Corporate Secretary of the different subsidiaries of MIESCOR. Presently, as consultant of Manila Jockey Club, Inc. (2008 to present). This is his fourth year to serve as Chief Finance Officer of MIC.

INDEPENDENT DIRECTORS

Directors Victor P. Lazatin and Laurito E. Serrano are the independent directors of the Company.

Under SRC Rule 38, as adopted in the By-laws of the Corporation as amended on April 21, 2004, the following rules shall apply in the Nomination and Election of Independent Directors:

i. Nomination shall be conducted by the Nomination Committee.

ii. The Nomination Committee shall pre-screen the qualifications and prepare a final list of all candidates.

iii. After the nomination, the Nomination Committee shall prepare a Final List of Candidates.

iv. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the stockholders' meeting.

v. The conduct of election of independent directors shall be made in accordance with the standard election procedure of the Corporation.

vi. Specific slots for independent directors shall not be filled up by unqualified nominees.

vii. In case of failure of election for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

All the incumbent members of the Board are being nominated as directors for the ensuing year. Messrs. Lazatin and Serrano are being nominated as independent directors. The nominees are pre-screened by the Nomination Committee. Other than being fellow members of the Board of Directors, none of the members of the Nomination Committee are related to the nominees. Messrs. Lazatin and Serrano are nominated as independent directors by Atty. Ferdinand A. Domingo. Atty. Domingo, Messrs. Lazatin and Serrano have no relationship whatsoever.

The Chairman of the nomination committee is John Anthony B. Espiritu, with Ferdinand A. Domingo and Victor P. Lazatin as its members.

DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER *(AS OF RECORD DATE OF MAY 08, 2013)*

Position	Name	Citizenship	Age	Term of Office	Period Served
Chairman & President	Alfonso R. Reyno, Jr.	Filipino	69	5	2009-2014
Vice Chairman	Bernadette V. Quiroz	Filipino	-	1 month	April 2014
Director & EVP	Alfonso G. Reyno III	Filipino	43	5	2009-2014
Director/ Treasurer	Jose A. Rubio	Filipino	-	1 month	April 2014
Director	John Anthony B. Espiritu	Filipino	50	3	2012-2014
Director (*Independent*)	Victor P. Lazatin	Filipino	66	5	2009-2014
Director (*Independent*)	Laurito E. Serrano	Filipino	-	1 month	April 2014
Director	Christopher G. Reyno	Filipino	38	4	2010-2014
Director	Teik Seng Cheah	Malaysian	60	1	2013-2014
Director	Mariza Santos-Tan	Filipino	55	5	2009-2014
Director	Dennis Ryan C. Uy	Filipino	-	1 month	April 2014
Corporate Secretary	Ferdinand A. Domingo	Filipino	61	1 month	April 2014
Corporate Info. Officer	Lemuel M. Santos	Filipino	62	1 month	April 2014
Chief Finance Officer	Rodolfo B. Reyno, Jr.	Filipino	65	5	2009-2014

(a) Significant Employees

The Corporation has other employees aside from the corporate officers. Hence, there are other persons, executive or otherwise, who are expected to make a significant contribution to the business of the Corporation.

(b) Family Relationships.

Alfonso G. Reyno III and Christopher G. Reyno are the sons of Alfonso R. Reyno, Jr..

There are no other family relationships between directors and executive officers other than the ones above.

(c) Involvement in Certain Legal Proceedings (as of May 29, 2014).
None of the directors are involved in any bankruptcy petition, or was convicted by final judgment of any criminal offense, or subject to any order, judgment or decree or has violated a Securities or Commodities Law.

(d) Certain Relationship and Related Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

In the normal course of business, the Company has transactions and account balances with related parties as follows:

			2014		2013			
Entity	Relationship	Nature	Amount	Outstanding Receivable (Payable) Balance	Amount	Outstanding Receivable (Payable) Balance	Terms	Condition
Sierra Prime Properties Corporation	Affiliate	Cash advances[a]	–	5,000,000	5,000,000	5,000,000	Interest bearing	Unsecured, unguaranteed
		Sale of assets and liabilities (see Note 15)		108,214 ,153	108,214,153	108,214,153	Non-interest bearing	Unsecured, unguaranteed
		Interest on Cash Advances[a]		475,000	475,000	475,000	Non-interest bearing	Unsecured, unguaranteed
		Other advances		95,240	95,240	95,240	Non-interest bearing	Unsecured, unguaranteed
Manila Jockey Club, Inc. (MJCI)	Stockholder	Cash Advances (see Note 9)	–	(945,171)	945,171	(945,171)	Non-interest bearing	Unsecured, unguaranteed
	Stockholder	Subscription of additional common shares (see Note 13)	600,800,000	–	600,800,000	–	Non-interest bearing	Unsecured, unguaranteed
	Stockholder	Subscription receivable (see Note 13)		42,808,835		42,808,835	Non-interest bearing	Unsecured, unguaranteed

Entity	Relationship	Nature	2013 Amount	2013 Outstanding Receivable (Payable) Balance	2012 Amount	2012 Outstanding Receivable (Payable) Balance	Terms	Condition
Sierra Prime Properties Corporation	Affiliate	Cash advances[a]	–	5,000,000	5,000,000	5,000,000	Interest bearing	Unsecured, unguaranteed
		Sale of assets and liabilities (see Note 16)		108,389,153	108,389,153	108,389,153	Non-interest bearing	Unsecured, unguaranteed
		Interest on Cash Advances[a]		175,000	175,000	175,000	Non-interest bearing	Unsecured, unguaranteed
		Dividends on held for trading investments (see Notes 10 and 16)		(2,069,598)	(4,139,195)	(4,139,195)	Non-interest bearing	Unsecured, unguaranteed
MJCI	Stockholder	Advances [b]	–	(53,758)	(17,310)	(17,310)	Non-interest bearing	Unsecured, unguaranteed
	Stockholder	Subscription of additional common shares (see Note 16)	600,800,000	–	600,800,000	–	Non-interest bearing	Unsecured, unguaranteed
	Stockholder	Collection of subscription receivable (see Note 14)	10,736,014	42,808,635	26,975,254	53,544,849	Non-interest bearing	Unsecured, unguaranteed

a. In 2011, the Company extended an interest-bearing advances amounting to ₱5,000,000 to SPPC for a period of one year with interest rate of 6%. Interest income recognized in 2013 and 2012 amounted to ₱300,000 and ₱175,000 respectively. Noninterest-bearing receivable from SPPC amounted to ₱108,214,153 which pertain to the transfer of a group of assets and liabilities as part of the *Memorandum of Agreement* [MOA] signed July 24, 2008 (see Note 15).

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Information as to the aggregate compensation paid or accrued during the last year and estimated to be paid in the ensuing year to the Company's Chief Executive Officer (CEO) and four (4) most highly compensated executive officers is presented below. Also included in the tabular presentation is the compensation paid to or accrued for other officers and members of the Board of Directors for the same three years.

COMPENSATION OF DIRECTORS AND OFFICERS

NAME/ PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER COMPENSATION
Alfonso R. Reyno Jr. Chairman & President	2013	₱ 3,250,000.00	-	-

Alfonso G. Reyno III Exec. Vice President & Director	2013	2,600,000.00	-	-
Rodolfo B. Reyno, Jr. Chief Financial Officer	2013	1,240,000.00	-	-
Ferdinand A. Domingo Corp. Secretary & General Counsel	2013	1,018,000.00	-	-
Juan Antonio S. Gatuslao Vice President for Operations	2013	840,000.00	-	-

All directors are entitled to a per diem ranging from ₱10,000.00 - ₱15,000.00 plus a ₱3,000.00 allowance to cover their transportation, communication and other expenses for every board meeting attended. There are no contracts with the named executive officers for any compensation plan or arrangement that will result from the resignation, retirement or any other termination of employment of said executive officers. There are no outstanding warrants or options being held by the named executive officers or directors and neither are there any changes in control arrangements made with the named executive officers and the directors. Thus, there is compliance with SEC Memorandum Circular No. 8 Series of 2004.

AS A GROUP

Annual Compensation

	2013		2014 (*estimate*)	
	Salary	Bonus	Salary	Bonus
Director & Officers	₱11,640,000	₱	₱14,276,000	₱

KEY MANAGEMENT PERSONNEL

As of March 31, 2014 and the same period in 2013, the BOD received director's fees aggregating to ₱ 153,500.00 and ₱ 245,000.00 respectively. Beginning in 2013 administrative and finance functions as well as the operations of the company are handled by its own staff.

INDEPENDENT PUBLIC ACCOUNTANTS

a. The principal accountant for the fiscal year ended December 31, 2013 is Sycip Gorres Velayo & Co. (SGV) with address at 6760 Ayala Avenue, Makati City. For 2009, the external auditor is Manabat San Agustin & Co.

b. The representatives of SGV are expected to be present at the meeting and will have the opportunity to make a statement, if they desire to do so, and to respond to appropriate questions.

c. There are no disagreements with the accountants on accounting principles or practices, financial disclosures or other related matters.

d. Pursuant to SRC Rule 68, Paragraph 68, paragraph 3 (b) (c), all corporations covered under the Code of Corporate Governance, who had engaged their respective external auditors for a consecutive period of five (5) years or more, shall change said external auditors or engagement partners.

The Corporation has engaged the current independent public accountant only for the last five (5) fiscal years.

The Audit Committee is composed of Victor P. Lazatin as Chairman, Mariza Santos Tan, Ferdinand A. Domingo and Alfonso G. Reyno III as members.

III. OTHER MATTERS

A. Action with Respect to Reports and Other Proposed Action

1. The Minutes of the Annual Stockholders' Meeting held on June 26, 2013 will be submitted for the approval of the security holders. The minutes reflect the approval of the following matters by the stockholders:

    I. Approval of the minutes of the Annual Stockholders' meeting held on June 26, 2013.
    II. Report of the Management
    III. Ratification of all Acts of the Board of Directors and Management
    IV. Election of the Members of the Board of Directors
    V. Appointment of the External Auditor

2. President's Report

MATTERS TO BE SUBMITTED FOR APPROVAL

The approval and ratification of all the Acts of the Board of Directors for the period of June 26, 2013 to June 27, 2014.

As a matter of corporate policy, Management seeks the approval and ratification by the Stockholders of all acts, contracts, investments and resolutions of the Board of Directors and Management since June 26, 2013 or the last Annual Meeting. These are reflected in the minutes of meetings of the Board of Directors, the regular reports and disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange, the 2013 Annual Report and the report of the Chairman and President.

The acts of the Board of Directors and Management pertain primarily to acts in the normal course of business and compliance with and submission of all regulatory requirements, reports and financial statements, audited and unaudited from period to period.

Any negative vote with respect to the above matter would not affect the validity of the acts, contracts, investments and resolutions considering that Management has sufficient delegated powers to do the same.

AMENDMENT OF CHARTER BY-LAWS & OTHER DOCUMENTS

On 23 September 2013, the Securities and Exchange Commission approved the amendment of Article Seventh of the Articles of the Incorporation of the Corporation by increasing the authorized capital stock from One Billion Five Hundred Million Pesos (₱1,500,000,000.00) to Five Billion Pesos (₱5,000,000,000.00), Philippine Currency, and said capital stock is divided into Five Billion (5,000,000,000) shares, with a par value of One Peso (₱1.00) per share. In connection therewith, a *Certificate of Approval of Increase of Capital Stock* was also issued by the Commission on the same date.

On 30 July 2013, the Securities and Exchange Commission approved the amendment of Article VI Section 2 and Article XVII Section 2 of the Articles of Incorporation of the Corporation by changing the date of the annual meeting of the Board of Directors and Annual Stockholders' meeting of the Corporation from the last Wednesday of June of each year to second to the last business day of June of each year. The Commission also approved the amendment of Article VII and Article VIII of the By-Laws of the Corporation by making the Chairman of the Board, the Chief Executive Officer, and the President, Chief Operating Officer on the same date.

NOMINATION AND VOTING PROCEDURES:

A. Nomination Procedure

The Nomination Committee shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the company's information or statement or such other reports required to be submitted to the Securities and Exchange Commission.

(1) All nominations for regular and independent directors shall be signed by the nominating stockholders, who must be of good standing, together with the acceptance and conformity by the would-be nominees. The nominations should specify whether the nomination is for regular or independent director.

(2) All nominations must be submitted to the Nomination Committee at least five (5) days before the stockholders' meeting to enable the Nomination Committee to effectively pass upon the qualifications of all nominees for regular and independent directors.

(3) After screening the qualifications of all nominees, the Nomination Committee shall prepare a Final List of Candidates of both regular and independent directors five (5) days before the stockholders' meeting. Both Lists shall contain all the information about all the nominees for regular director and independent director, as required by under the Securities Regulation Code ("SRC") and its Implementing Rules and Regulations, which list shall be made available to the SEC and to the stockholders through the filing and distribution of the Information Statement.

(4) Only nominees whose names appear on the Final List of Candidates for regular and independent directors shall be eligible for election as Regular and Independent Directors. No other nominations for both regular and independent director shall be

entertained after the Final List of Candidates shall have been prepared by the Nomination Committee. No further nominations for regular and independent director shall be entertained or allowed on the floor during the actual annual/special stockholders' meeting.

(5) Except as those required under the SRC and subject to pertinent existing laws, rules and regulations of the SEC, the conduct of the election of regular and independent directors shall be made in accordance with these rules of procedure.

(6) The Company shall elect at least two (2) independent directors. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing at least two (2) independent directors. He shall ensure that at least two (2) independent directors are elected during the stockholders' meeting.

B. Vote Requirement

1. For Election of Directors

   The aforementioned action will require that the majority of the shares of the Company's common stock are present and represented and entitled to vote at the Annual Meeting.

   Voting is executed through balloting or by other means approved by the stockholders.

   Pursuant to Section 24 of the Corporation Code, candidates receiving the highest number of votes shall be declared elected.

2. Ratification of all Acts of Management and the Board of Directors for the period of June 26, 2013 to June 27, 2014.

   The affirmative vote of the majority votes cast by the stockholders is sufficient for ratification.

   Election is executed through balloting or by other means approved by the stockholders.

3. Appointment of the External Auditor.

   The affirmative vote of the majority votes cast by the stockholders is sufficient for ratification.

   Election is executed through balloting or by other means approved by the stockholders.

Article XVII

Voting

"At all corporate meetings, each stockholder, either in person or by proxy, shall be entitled to as may votes as he owns shares of stock. Xxx"

Canvassing of ballot and counting of votes shall be done by the Office of the Corporate Secretary.

a. Procedure on Voting and Vote Requirement

The voting on the matter of approval by the stockholders will be done through ballots which shall be collected and counted by the Corporate Secretary.

C. **Procedure For Election of Regular and Independent Directors**

1. There shall be two (2) rounds of voting. The first round shall be the election of the nine (9) regular directors, and the second round shall be the election of the two (2) independent directors. This is to ensure that the independent directors are duly elected by the stockholders as required by the SRC.

2. Voting is by viva voce or by acclamation. However, the election must be by ballot if requested by any stockholder.

3. Every stockholder has the right to cumulative voting.

4. The votes shall be tallied by the Company's external auditor, under the supervision of the Corporate Secretary

SIGNATURES

After reasonable inquiry and to the best of our knowledge and belief, we certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on 30 MAY 2014.

Registrant: **MJC INVESTMENTS CORPORATION**

Date :

By:

ALFONSO R. REYNO, JR.
Chairman of the Board & President

ALFONSO VICTORIO G. REYNO III
Executive Vice-President

RODOLFO B. REYNO, JR.
Chief Finance Officer

ROSARINA C. DIZON
Chief Accounting Officer

FERDINAND A. DOMINGO
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this day of 30 MAY 2014 at Pasig City, affiants exhibiting to me their respective ID Nos., as follows:

Names	ID Nos.	Date/Place Issued
Alfonso R. Reyno, Jr.	TIN No. 114-555-166	Manila, Philippines
Alfonso Victorio G. Reyno III	TIN No. 903-359-248	Manila, Philippines
Ferdinand A. Domingo	TIN No. 145-006-236	Manila, Philippines
Rodolfo B. Reyno, Jr.	TIN No. 100-752-248	Manila, Philippines
Rosarina C. Dizon	TIN No. 118-335-202	Manila, Philippines

ATTY. HEATHER EZRA C. ANNANG
NOTARY PUBLIC
APPOINTMENT NO. 112-(2013-2014)
Until December 31, 2014
PTR No. 9844336 / Jan. 09, 2014 – Pasig City
IBP No. 954389 / Jan. 09, 2014 – Cagayan
CITY OF PASIG
Roll of Attorney No. 54476

Doc. No. 207;
Page No. 43;
Book No. I;
Series of 2014.

REPORT REQUIRED UNDER SRC RULE 20

MANAGEMENT REPORT

A. Audited Consolidated Financial Statements

The audited financial statements of the registrant as of December 31, 2013 and interim unaudited financial statements as of March 31, 2014 are attached herewith.

B. Changes in and Disagreements with Accountants on Accounting and Financing Disclosures

No disagreements with the independent public accountant.

C. Management Discussion and Analysis or Plan of Operation

Total current assets as of March 31, 2014, amounted to ₱1,461.90 Million showing a decrease of ₱79.52 Million or (5.16%) as compared to the December 31, 2013 balance of ₱1,541.42 Million. The decrease is primarily due to the capital expenditures for the hotel entertainment project.

Total non-current assets as of March 31, 2014, increased to ₱937.75 Million from the balance of ₱848.82 Million as of December 31, 2013 with an increase of ₱88.93 or 10.48%. The increase is due to the project related expenditures classified under the property, plant and equipment.

Accrued expenses and other liabilities as of March 31, 2014, amounted to ₱96.57 Million showing an increase of ₱13.24 Million or 15.88%, compared to the December 31, 2013 balance of ₱83.33 Million. The increase is mainly due to the accrual of expenses and reversal of unreleased checks for various capital expenditures.

For the three-month period ending March 31, 2014, the Company's revenues amounted to ₱2.86 Million. There was an increase of ₱0.17 Million or 6.32% compared to the income for the same period in 2013 amounting to ₱2.69 Million. Revenues for the quarters are merely attributable to the interest earned on the short term investments.

Costs and expenses for the three-month period ended March 31, 2014 and for the same period in 2013 amounted to ₱6.69 Million and ₱11.41 Million respectively. Salaries and wages indicate the large percentage of the expenses for both first quarters of 2014 and 2013.

Net loss amounted to ₱3.83Million for the three-month period ending March 31, 2014. There was a decrease of P4.91 Million from the net loss of ₱8.73Million for the same period in 2013.

The following are the comparative key performance indicators of the Company and the manner of its computation as of the period ended March 31, 2014 and 2013:

Indicators	Manner of Computation	As of the Period Ended Mar 31, 2014	Mar 31, 2013
Current Ratio	Current Assets / Current Liabilities	15.14:1	49.19:1
Debt Equity Ratio	Total Liabilities / Total Equities	0.04:1	0.01:1
Asset Liability Ratio	Total Assets / Total Liabilities	24.85:1	108.05:1
Return on Assets	Net Income / Total Assets	(0.16%)	(0.70%)
Basic Earnings (Loss) Per Share	Net Loss / Outstanding Common Shares	(₱0.002)	(₱0.006)

Current ratio is regarded as a measure of the Company's liquidity or its ability to meet maturing obligations. As of March 31, 2014, the current ratio decreased to 15.14 compared to 49.19 as of March 31, 2013. The outstanding payable in 2014 mostly consists of project related expenditures. The Company has ₱15.14 current assets to support a ₱1.00 current liability.

The debt to equity ratio measures the riskiness of the Company's capital structure in terms of relationship between the funds supplied by the creditors (debt) and investors (equity). As of March 31, 2014, the debt to equity ratio has increased to 0.04 from 0.01 as of March 31, 2013.The effect of low debt to equity ratio indicates lower risk, as debt holders have less claims on the company's assets.

The asset-liability ratio, exhibits the relationship of the total assets of the Company with its total liabilities. As of March 31, 2014, the ratio decreased to 24.85 from 108.05 on March 31, 2013. The result indicates that for every ₱1.00 of liability, the Company has ₱24.85 of assets.

Return on Assets is computed by dividing net income over total assets. This allows the company to see how much the income is per peso asset. As of March 31, 2014, the ratio decreased to (0.16) from (0.70) during the same period in 2013. This profitability ratio is not yet viable to the company.

As of March 31, 2014, the Company's loss per share is (₱0.002) from (₱0.006) as of the same period in 2013.

There are no known events or uncertainties that will have a material impact on liquidity.

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

There are substantial commitments on capital expenditures, specifically for the on-going construction of the hotel-Casino project on its property located in Sta. Cruz, Manila.

There are no events that will trigger direct or contingent financial obligation.

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

D. External Audit Fees and Services

The Corporation paid its external auditor Sycip, Gorres, Velayo & Co., CPAs an amount of ₱350,000.00 for years 2013 and 2012, as professional fees in connection with statutory and regulatory filings on engagement for the said years. No other fees were paid to the external auditors for other services. There were no other service such as assurance and related services that were rendered by the external auditor for 2013 and 2012. Neither did it perform tax accounting, compliance, advice and other services for 2013 and 2012. The engagement of external auditors as well as the type of services to be rendered to the Corporation is being evaluated by the Audit Committee and recommended to the Board. Likewise, the payment of audit fees is being evaluated by the Audit Committee prior to remittance. Also, the Audit Committee approves the audited financial statement and recommends its approval to the Board of Directors.

E. General Nature and Scope of Business

The Corporation was formed in 1955 to engage in mining business. However, the Corporation stopped its mining operations and eventually changed its primary purpose form mining to that of an investments holding company (*approved by the SEC on February 12, 1997*).

As provided for in its Amended Articles of Incorporation, the Corporation is formed primarily "to carry on the business of an investment holding company and for that purpose either in the name of the said Corporation or in the name of any other Corporation in which it shall have an equity interest, to receive, purchase or otherwise acquire an interest in, hold, own, pledge, mortgage, assign, dispose and generally deal in all kinds of securities including but not limited to shares of stock of Corporation which shall include but shall not be limited to financial services institution such as banking, insurance, stock broking, leasing, hire purchase and other forms of financial services as are found in modern financial market; to acquire and hold real property and personal property which includes but not limited to hotels, inns, restaurants, cafes, bars, stores and offices, barbershops and beauty lounges, sports facilities, places of amusements and entertainment of all kinds; to enter into any lawful arrangement for sharing profits with any Corporation, association, partnership, person or entity, domestic or foreign, in concessions, rights or licenses tom others to operate, manage or deal with the same; and to do any and all things necessary, suitable, convenient, proper or incidental to the accomplishment of the above purposes."

F. **Market Price and Dividends**

1. The principal market of the common equity of the Corporation is the Philippine Stock Exchange. Provided below is a table indicating the high and low sales price of the common equity of the company for 2012 to 2014.

2012

	1st Quarter Price	2nd Quarter Price	3rd Quarter Price	4th Quarter Price
HIGH	4.72	7.50	9.66	9.28
LOW	1.33	1.65	5.35	5.59

2013

	1st Quarter Price	2nd Quarter Price	3rd Quarter Price	4th Quarter Price
HIGH	7.50	6.60	5.80	5.60
LOW	5.69	2.90	2.50	3.25

2014

	1st Quarter Price	2nd Quarter Price	3rd Quarter Price	4th Quarter Price
HIGH	3.55	3.50 [May]		--
LOW	3.08	3.16 [May]	--	--

The price of the shares is 3.25 as of December 31, 2013.

2. There are Four Hundred Fifty Two (452) holders of common equity of the Corporation as of May 20, 2014. The Corporation has no other class of shares.

3. Top Twenty Stockholders as of Record Date of May 29, 2014.

No.	Stockholder's Name	No. of Shares	%
1	Manila Jockey Club, Inc.	708,160,137	28.32%
2	Grand Prosperity Hotels & Leisure Corp.	126,513,013	5.06%
3	Orchardstar Holdings, Inc.	125,573,000	5.02%
4	Purple Cassady Holdings, Inc.	125,572,000	5.02%
5	Flying Heron Holdings, Inc.	125,571,000	5.02%
6	Cherrygrove Holdings, Inc.	125,570,000	5.02%
7	East Bonham Holdings, Inc.	125,570,000	5.02%

8	Belltower Lakes Holdings, Inc.	125,570,000	5.02%
9	Branford Ridge Holdings, Inc.	125,569,000	5.02%
10	PCD Nominee Corporation (Filipino)	104,432,488	4.18%
11	Grand Stallion Hotels and Amusement Inc.	85,500,000	3.42%
12	One Wisteria Loop Holdings Inc.	63,892,500	2.56%
13	Mulberry Orchid Holdings Inc.	61,285,000	2.45%
14	Pepperberry Vista Holdings Inc.	53,471,250	2.14%
15	Savile Row Holdings Inc.	53,471,250	2.14%
16	Montbrecia Place Holdings Inc.	53,471,250	2.14%
17	Everdeen Sands Holdings Inc.	53,471,250	2.14%
18	Fairbrooks Holdings Inc.	53,471,250	2.14%
19	Belgrave Square Holdings Inc.	53,471,250	2.14%
20	Grand Stallion Hotels and Amusement Inc.	41,000,000	1.64%

No cash dividends were declared for the two most recent fiscal years. The lack of sufficient retained earnings limits the ability of the Corporation to declare and pay dividends.

4. Recent Sales of Unregistered Securities or Exempt Securities, including Recent Issuance of Securities Constituting an Exempt Transaction

On January 23, 2009, MJCI executed a subscription agreement to subscribe to 107,360,137 shares out of the unissued portion of the authorized capital stock of the Company at the subscription price of ₱1 per share. The amount of ₱64,551,302 was paid for said subscription. As of March 31, 2014, the balance of ₱42,808,835 on the subscription is payable upon call of the BOD of the Company.

On January 16, 2013, the Company issued 600.8 million shares from its authorized capital stock by virtue of a property per share exchange authorized under BIR Certification dated October 29, 2012.

On January 17, 2013, the Company received from a group of strategic investors the amount of ₱450,000,000 as full payment for the subscription to 450,000,000 shares at a subscription price of ₱1.00 per share. Additional subscription from non-related parties of 73,500,000 shares at a subscription price of ₱1.00 per share was made and also paid in full on January 17, 2013.

On July 24, 2013, the Company received additional subscription for 73,898,168 shares of the stock option from shareholders in which 245,210 shares are fully paid up. As of March 31, 2014.The subscribed balance of shares has related subscription receivables amounting to ₱55,239,719.

On October 3, 2013, strategic investors subscribed to additional 875 million shares at a subscription price of ₱1.00 per share and which shares were paid in full. Additional subscription from non-related parties of 189,513,013 shares at a subscription price of ₱1.00 per share were made and paid in full also on October 3, 2013.

The subscription for 24,182,704 shares from shareholders in 2010 has a remaining subscription receivable amounting to ₱7,500,000.

As of March 31, 2014, the Company has an aggregate of 2,500,614,159 subscribed shares and has a total shareholder of 452 on record.

Discussion on Compliance with Leading Practices on Corporate Governance

The evaluation system established by the Company by the Compliance Officer to measure or determined the level of compliance of the Board of Directors and management with the Manual. The compliance officer monitors compliance through a regular checklist system after interview and consultation with all parties concerned.

For 2008, the Compliance Officer was instructed to find ways to improve the monitoring of the compliance of the proper officer/director on the Code of Corporate Governance and to make the necessary recommendation. It was suggested that he should interview the proper officers regarding their adherence to the Code of Corporate Governance regularly on a periodic basis. For 2006, there was no deviation from Manual of Corporate Governance.

For 2009, there was no deviation from the Company's Manual on Corporate Governance. Pursuant to the requirements of the PSE, the Company amended its Manual of Corporate Governance wherein the Directors are now required to attend a seminar on Corporate Governance conducted by an authorized entity.

For 2010 and 2011, there was no deviation from the Company's Manual on Corporate Governance.

Some of the measures being undertaken by the Company include updating the persons concerned on any available seminar on Corporate Governance related matters informing them of recent trends in Corporate Governance.

The Board of Directors plans to improve on corporate governance by strengthening the Internal Audit Department. It is now immediately under the control and supervision of the Board of Directors through its Audit Committee, thus the recommendation of the Board of Directors as directly issued to said department and at the same time, any findings of the Internal Audit Department are directly relayed to the Board of Directors.

G. UNDERTAKING TO PROVIDE ANNUAL REPORT

The registrant undertakes to provide each stockholder without charge with a copy of its Annual Report (SEC Form 17-A) upon written request to the registrant addressed to:

The Corporate Secretary
12/F Strata 100 Building
F. Ortigas Jr. Road, Ortigas Center
Pasig City

MJC
INVESTMENTS CORP.
12F Strata 100 Bldg., F. Ortigas Jr. Road, Ortigas Center, Pasig City
Tel. No. 632-7373/Fax No. 631-2846

CERTIFICATION

I, LEMUEL M. SANTOS, the duly elected and qualified Corporate Information Officer of MJC INVESTMENTS CORPORATION (the "CORPORATION"), a corporation duly organized and existing under Philippine laws with business address at 12th Floor Strata 100 Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City, Philippines, hereby certify that no Directors or Officers of the Corporation are connected with any government agencies or its instrumentalities.

IN WITNESS WHEREOF, I have hereunto set my hand this 30th day of May 2014 at Pasig City.

LEMUEL M. SANTOS
Corporate Information Officer

SUBSCRIBED AND SWORN to before me this 30th day of May 2014 at Pasig City, affiant exhibiting to me his Tax Identification No. 143-405-790 issued at Philippines.

ATTY. HEATHER EZRA C. ANNANG
NOTARY PUBLIC
APPOINTMENT NO. 112-(2013-2014)
Until December 31, 2014
PTR No. 8428239 / Jan. 4, 2013 – Pasig City
IBP No. 917443 / Jan. 04, 2013 – Cagayan
CITY OF PASIG
Roll of Attorney No. 44589

Doc. No. 206;
Page No. 43;
Book No. I;
Series of 2014.

MJC INVESTMENTS CORPORATION
BALANCE SHEETS

	March 31, 2014	December 31, 2013
	(Unaudited)	(Audited)
ASSETS		
Current Assets		
Cash in banks (Notes 5, 17 and 18)	1,092,424,877	1,214,469,681
Advances and other receivables (Notes 6, 17 and 18)	245,278,134	223,220,496
Prepayment	914,090	900,090
Input value added tax (VAT) (Note 7)	123,281,225	102,830,215
Total Current Assets	1,461,898,326	1,541,420,482
Noncurrent Assets		
Property and equipment (Note 8)	936,810,802	841,896,050
Input value added tax (VAT) (Note 7)	934,783	6,922,975
Total Noncurrent Assets	937,745,586	848,819,025
TOTAL ASSETS	2,399,643,912	2,390,239,507
LIABILITIES AND EQUITY		
Current Liabilities		
Accrued expenses and other current liabilities (Notes 9, 17 and 18)	96,569,460	83,332,756
Deposit for future stock subscription	-	-
Income tax payable	6,000	6,000
Total Liabilities	96,575,460	83,338,756
Equity		
Capital stock (Note 13)	2,395,065,605	2,395,065,605
Deficit	(91,997,154)	(88,164,854)
Total Equity	2,303,068,451	2,306,900,751
TOTAL LIABILITIES AND EQUITY	2,399,643,912	2,390,239,507

MJC INVESTMENTS CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTERS ENDED MARCH 31, 2014 and 2013
(Unaudited)

	2014	2013
INVESTMENT GAINS (LOSSES)		
Gains (losses) on fair value changes of held for trading investments	-	-
Gain on sale of held for trading investments	-	-
	-	-
EXPENSES		
Salaries and Wages	3,659,338	6,814,830
Filing and listing fees	250,000	22,400
Meetings and conferences	778,679	1,593,556
Transportation and Travel	732,534	1,622,258
Professional Fees	234,400	397,300
Director's fees (Note 12)	153,500	245,000
Rental Expense	25,000	3,125
Representation	-	967
Supplies	25,040	1,500
Utilities	11,600	-
Taxes and Licenses	17,745	279,647
Depreciation (Note 8)	94,579	-
Brokerage fee and other related exoenses	-	-
Others	133,973	11,579
	6,116,388	10,992,163
OTHER INCOME (CHARGES)		
Dividend income	-	-
Interest income (Note 10)	2,855,112	2,686,624
	2,855,112	2,686,624
INCOME (LOSS) BEFORE INCOME TAX	(3,261,276)	(8,305,539)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 11)	571,022	419,697
NET INCOME (LOSS)	(3,832,299)	(8,725,236)
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	(3,832,299)	(8,725,236)
Basic/Diluted Earnings (Losses) Per Share (Note 14)	(₱ 0.002)	(₱0.006)

MJC INVESTMENTS CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED MARCH 31, 2014 and 2013
(Unaudited)

	2014	2013
INVESTMENT GAINS (LOSSES)		
Gains (losses) on fair value changes of held for trading investments	-	-
Gain on sale of held for trading investments	-	-
	-	-
EXPENSES		
Salaries and Wages	**3,659,338**	6,814,830
Filing and listing fees	**250,000**	22,400
Meetings and conferences	**778,679**	1,593,556
Transportation and Travel	**732,534**	1,622,258
Professional Fees	**234,400**	397,300
Director's fees (Note 12)	**153,500**	245,000
Rental Expense	**25,000**	3,125
Representation	-	967
Supplies	**25,040**	1,500
Utilities	**11,600**	-
Taxes and Licenses	**17,745**	279,647
Depreciation (Note 8)	**94,579**	-
Brokerage fee and other related exoenses	-	-
Others	**133,973**	11,579
	6,116,388	10,992,163
OTHER INCOME (CHARGES)		
Dividend income	-	-
Interest income (Note 10)	**2,855,112**	2,686,624
	2,855,112	2,686,624
INCOME (LOSS) BEFORE INCOME TAX	**(3,261,276)**	(8,305,539)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 11)	**571,022**	419,697
NET INCOME (LOSS)	**(3,832,299)**	(8,725,236)
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	**(3,832,299)**	(8,725,236)
Basic/Diluted Earnings (Losses) Per Share (Note 14)	**(₱ 0.002)**	**(₱ 0.006)**

MJC INVESTMENTS CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTERS ENDED MARCH 31, 2014, AND 2013

	Capital Stock					
	Subscribed	Subscription	Net	Additional	Deficit	Total
BALANCES AT DECEMBER 31, 2012*	237,902,978	(71,681,877)	166,221,101	-	(47,938,131)	118,282,970
Collection of subscription receivables	-	39,786,281	39,786,281	-	-	39,786,281
Subscription of Capital Stock	2,262,711,181	(73,652,958)	2,189,058,223	-	-	2,189,058,223
Transaction cost on issuance of Capital Stock	-	-	-	-	(8,309,555)	(8,309,555)
Total comprehensive loss for the year	-	-	-	-	(31,917,168)	(31,917,168)
BALANCES AT DECEMBER 31, 2013*	2,500,614,159	(105,548,554)	2,395,065,605	-	(88,164,854)	2,306,900,751
Additional Subscription**	-	-	-	-	-	-
Collection of subscription receivables**	-	-	-	-	-	-
Transaction cost on Stock issuance**	-	-	-	-	-	-
Total comprehensive loss for the quarter**	-	-	-	-	(3,832,299)	(3,832,299)
BALANCES AT MARCH 31, 2014**	2,500,614,159	(105,548,554)	2,395,065,605	-	(91,997,153)	2,303,068,452

BALANCES AT DECEMBER 31, 2011*	237,902,978	(98,657,131)	139,245,847	2,528,624	(37,364,193)	104,410,278
Collection of subscription receivables	-	26,975,254	26,975,254	-	-	26,975,254
Transaction cost on property-for-share exchange	-	-	-	(2,528,624)	(475,376)	(3,004,000)
Total comprehensive loss for the year	-	-	-	-	(10,098,562)	(10,098,562)
BALANCES AT DECEMBER 31, 2012*	237,902,978	(71,681,877)	166,221,101	-	(47,938,131)	118,282,970
Additional Subscription**	1,124,300,000	-	1,124,300,000	-	-	1,124,300,000
Collection of subscription receivables**	-	10,736,014	10,736,014	-	-	10,736,014
Transaction cost on Stock issuance**	-	-	-	-	(2,617,500)	(2,617,500)
Total comprehensive loss for the quarter**	-	-	-	-	(8,725,236)	(8,725,236)
BALANCES AT MARCH 31, 2013**	1,362,202,978	(60,945,863)	1,301,257,115	-	(59,280,867)	1,241,976,249

* Audited

** Unaudited

MJC INVESTMENTS CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE QUARTERS ENDED MARCH 31, 2014 and 2013
(Unaudited)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	(3,261,276)	(8,305,539)
Adjustments for:		
Unrealized losses (gains) on fair value changes of held for trading investments	-	-
Dividend income	-	-
Interest income (Note 10)	(2,855,112)	(2,686,624)
Depreciation (Note 8)	94,579	-
Operating loss before working capital changes	(6,021,809)	(10,992,163)
Decrease (increase) in:		
Held for trading investments	-	-
Receivables	(22,057,638)	(593,578)
Input value added tax	(14,462,818)	(80,247)
Prepayments	(14,000)	-
Increase in accrued expenses and other liabilities	13,236,704	(1,435,035)
Net cash generated from (used in) operations	(29,319,561)	(13,101,023)
Income taxes paid, including creditable withholding and final taxes	(571,022)	(419,697)
Net cash flows provided by (used in) operating activities	(29,890,583)	(13,520,720)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment (Note 8)	(95,009,333)	(128,080)
Interest received	2,855,112	2,686,624
Net cash flows provided by (used in) investing activities	(92,154,221)	2,558,544
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from subscription of capital stock	-	448,400,000
Collection of subscription receivable	-	10,736,014
Payment of taxes and licenses for property for share exchange	-	(2,617,500)
Increase in Due to Related Parties	-	36,449
Net cash flows provided by (used in) financing activities	-	456,554,963
NET INCREASE INCREASE IN CASH	(122,044,804)	445,592,787
CASH AT BEGINNING OF YEAR	1,214,469,681	8.892,026
CASH AND CASH EQUIVALENTS AT END OF THE QUARTERS	1,092,424,877	454,484,813

MJC INVESTMENTS CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2014 and 2013
(Unaudited)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	(3,261,276)	(8,305,539)
Adjustments for:		
Unrealized losses (gains) on fair value changes of held for trading investments	-	-
Dividend income	-	-
Interest income (Note 10)	(2,855,112)	(2,686,624)
Depreciation (Note 8)	94,579	-
Operating loss before working capital changes	(6,021,809)	(10,992,163)
Decrease (increase) in:		
Held for trading investments	-	-
Receivables	(22,057,638)	(593,578)
Input value added tax	(14,462,818)	(80,247)
Prepayments	(14,000)	-
Increase in accrued expenses and other liabilities	13,236,704	(1,435,035)
Net cash generated from (used in) operations	(29,319,561)	(13,101,023)
Income taxes paid, including creditable withholding and final taxes	(571,022)	(419,697)
Net cash flows provided by (used in) operating activities	(29,890,583)	(13,520,720)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment (Note 8)	(95,009,333)	(128,080)
Interest received	2,855,112	2,686,624
Net cash flows provided by (used in) investing activities	(92,154,221)	2,558,544
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from subscription of capital stock	-	448,400,000
Collection of subscription receivable	-	10,736,014
Payment of taxes and licenses for property for share exchange	-	(2,617,500)
Increase in Due to Related Parties	-	36,449
Net cash flows provided by (used in) financing activities	-	456,554,963
NET INCREASE INCREASE IN CASH	(122,044,804)	445,592,787
CASH AT BEGINNING OF YEAR	1,214,469,681	8,892,026
CASH AND CASH EQUIVALENTS AT END OF THE PERIODS	1,092,424,877	454,484,813

MJC INVESTMENTS CORPORATION

AGING SCHEDULE OF RECEIVABLES

AS OF MARCH 31, 2014

(Unaudited)

Particulars	Current	1-30 days	31-60 days	61-120 days	121-180 days	181-360 days	Over 1 Year	Total
Receivables from SPPC				300,000			113,484,393	113,784,393
Interest Receivables	-							-
Advances to Affiliate	-							-
Advances & Other Receivables	131,493,741							131,493,741
Total	131,493,741	-	-	300,000	-	-	113,484,393	245,278,134

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **VICTOR P. LAZATIN**, Filipino, of legal age and with business address at 26th Floor, Accralaw Tower, Cresent Park West, Fort Bonifacio, Taguig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of MJC Investments Corporation ("MJIC").

2. I am affiliated with the following companies:

Company	**Position/Relationship**	**Period of Service**
Angara Abello Concepcion Regala and Cruz Law Offices	Of-counsel	2012 to present
Angara Abello Concepcion Regala and Cruz Law Offices	Senior Partner	1992 to 2012

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of MJIC as provided for in Section 38 of the Securities Regulation Code and its Implementation Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

5. I shall inform the Corporate Secretary of MJIC of any changes in the abovementioned within five (5) days from its occurrence.

DONE this day of 30 MAY 2014 at Pasig City.

VICTOR P. LAZATIN
Affiant

SUBSCRIBED AND SWORN to before me this day of 30 MAY 2014 at Pasig City, affiant personally appeared before me and exhibited to me his Tax Identification No. 125-673-098 issued in the Philippines.

Doc. No. 208;
Page No. 43;
Book No. 1;
Series of 2014.

HEATHER EZRA C. [illegible]
NOTARY P[illegible]
APPOINTMENT [illegible]
UNTIL DEC[illegible]
PTR NO. [illegible] / 01-09-14 /
IBP NO. 954389 / 01-09-14 / CAGAYAN
CITY OF PASIG
ROLL OF ATTORNEY NO. 54476

1. Corporate Information

MJC Investments Corporation (the "Company"), was incorporated on July 15, 1955 as Palawan Consolidated Mining Company, Inc. On November 11, 1955, the Company was listed in the Philippine Stock Exchange (PSE). The following were the series of changes in corporate name and their effective dates of change as approved by the Philippine Securities and Exchange Commission (SEC):

Date	Corporate Name
February 12, 1997	Ebecom Holdings Inc.
September 25, 2003	Aries Prime Resources, Inc.
September 30, 2008	MJCI Investments, Inc.
October 15, 2009	MJC Investments Corporation

In 2005, the SEC approved the extension of the Company's corporate life for another fifty years starting July 2005.

On April 16, 2008, the Board of Directors (BOD) accepted the offer of Manila Jockey Club, Inc. (MJCI) for the Company to be the transferee of MJCI's non-core assets (including real estate properties and gaming machinery and equipment) under a property-for-share exchange.

On January 19, 2010, the SEC approved the amendment of the Company's primary purpose from engaging in mining operation to that of an investment holding company, which is to acquire by purchase, lease or otherwise, lands or interest in lands and realty, and to own, hold, improve or develop said land or real estate so acquired, and to build or cause to be built on any lands owned, held, occupied or acquired, buildings, facilities, and other structures with their appurtenances, for residential, commercial, mixed-use, leisure, gaming, amusement and entertainment purposes.

The registered office address of the Company is 12th Floor, Strata 100 Building, Emerald Avenue, Ortigas Center, Pasig City.

2. Basis of Preparation, Statement of Compliance and Changes in Accounting Policies and Disclosures

Basis of Preparation

The financial statements of the Company have been prepared using the historical cost basis. The financial statements are presented in Philippine Peso (Peso, ₱), the Company's functional currency, and rounded off to the nearest Peso, except when otherwise indicated.

Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS includes Philippine Accounting Standards (PAS) and Philippine interpretation of International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the Financial Reporting Standards Council (FRSC).Changes in Accounting

Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except that the Company has adopted the following standards and interpretations mandatory beginning January 1, 2013. Unless otherwise indicated, the adoption of these new and amended standards and interpretations do not have a material impact on the Company's financial statements.

New Accounting Standards, Interpretations and Amendments Effective in 2013

- PFRS 7, *Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format, unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:
  a) The gross amounts of those recognized financial assets and recognized financial liabilities;
  b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
  c) The net amounts presented in the statement of financial position;
  d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
     i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
     ii. Amounts related to financial collateral (including cash collateral); and
  e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

  The amendments have no impact on the Company's financial position or performance.

- PFRS 10, *Consolidated Financial Statements*
  PFRS 10 replaced the portion of PAS 27, *Consolidated and Separate Financial Statements*, that addressed the accounting for consolidated financial statements. It also included the issues raised in SIC 12, *Consolidation - Special Purpose Entities*. PFRS 10 established a single control model that applied to all entities including special purpose entities. The changes introduced by PFRS 10 require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27.

- PFRS 11, *Joint Arrangements*
  PFRS 11 replaced PAS 31, *Interests in Joint Ventures*, and SIC 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. PFRS 11 removed the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method.

- PFRS 12, *Disclosure of Interests In Other Entities*
  PFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in

PFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries (for example, where a subsidiary is controlled with less than a majority of voting rights).

- PFRS 13, *Fair Value Measurement*
  PFRS 13 establishes a single source of guidance under PFRSs for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS. PFRS 13 defines fair value as an exit price. PFRS 13 also requires additional disclosures.

  As a result of the guidance in PFRS 13, the Company re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. The Company has assessed that the application of PFRS 13 has not materially impacted the fair value measurements of the Company. Additional disclosures, where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 17 to the financial statements.

- PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (OCI)* (Amendments)
  The amendments to PAS 1 introduced a grouping of items presented in OCI. Items that will be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments do not change the nature of the items that are currently recognized in OCI, nor do they impact the determination of whether items of OCI are classified through profit or loss in the future periods.

- PAS 19, *Employee Benefits* (Revised)
  For defined benefit plans, the revised PAS 19 requires all actuarial gains and losses to be recognized in other comprehensive income and unvested past service costs previously recognized over the average vesting period to be recognized immediately in profit or loss when incurred.

  Prior to adoption of the revised PAS 19, the Company recognized actuarial gains and losses as income or expense when the net cumulative unrecognized gains and losses for each individual plan at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets and recognized unvested past service costs as an expense on a straight-line basis over the average vesting period until the benefits become vested. Upon adoption of the revised PAS 19, the Company changed its accounting policy to recognize all actuarial gains and losses in other comprehensive income and all past service costs in profit or loss in the period they occur.

  The revised PAS 19 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net balance sheet defined benefit liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.

  The revised PAS 19 also amended the definition of short-term employee benefits and requires employee benefits to be classified as short-term based on expected timing of settlement rather than the employee's entitlement to the benefits. In addition, the revised PAS 19 modifies the timing of recognition for termination benefits. The modification requires the termination benefits to be recognized at the earlier of when the offer cannot be withdrawn or when the related restructuring costs are recognized.

Changes to definition of short-term employee benefits and timing of recognition for termination benefits do not have any impact to the Company's financial position and financial performance.

- PAS 27, *Separate Financial Statements* (as revised in 2011)
  As a consequence of the issuance of the new PFRS 10, *Consolidated Financial Statements*, and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements.

- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011)
  As a consequence of the issuance of the new PFRS 11, *Joint Arrangements*, and PFRS 12, *Disclosure of Interests in Other Entities*, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates.

- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*
  This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. This new interpretation is not relevant to the Company.

- PFRS 1, *First-time Adoption of International Financial Reporting Standards - Government Loans* (Amendments)
  The amendments to PFRS 1 require first-time adopters to apply the requirements of PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, prospectively to government loans existing at the date of transition to PFRS. However, entities may choose to apply the requirements of PAS 39, *Financial Instruments: Recognition and Measurement*, and PAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for those loans. These amendments are not relevant to the Company.

<u>Annual Improvements to PFRSs (2009-2011 cycle)</u>
The *Annual Improvements to PFRS* (2009-2011 cycle) contain non-urgent but necessary amendments to PFRSs. These amendments to the following standards, which the Company adopted, have no impact to the financial statements:

- PFRS 1, *First-time Adoption of PFRS - Borrowing Costs;*
- PAS 1, *Presentation of Financial Statements - Clarification of the Requirements for Comparative Information;*
- PAS 16, *Property, Plant and Equipment - Classification of Servicing Equipment;*
- PAS 32, *Financial Instruments: Presentation - Tax Effects of Distributions to Holders of Equity Instruments;* and
- PAS 34, *Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities.*

Future Changes in Accounting Policies
Standards issued but not yet effective up to the date of the issuance of the financial statements are listed below. Unless otherwise stated, the adoption of the applicable standards will not have an impact on the financial statements. The Company intends to adopt the applicable standards and interpretations when they become effective.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)

  The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Company's financial position or performance.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)

  These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. The amendments affect disclosures only and have no impact on the Company's financial position or performance.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)

  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

- PFRS 10, PFRS 12 and PAS 27, *Investment Entities* (Amendments)

  These amendments are effective for annual periods beginning on or after January 1, 2014. They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)

  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

- PFRS 9, *Financial Instruments*

  PFRS 9, as issued, reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will not have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts,* or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. The standard has no impact on the Company's financial position and performance.

Annual Improvements to PFRSs (2010-2012 cycle)

The Annual Improvements to PFRSs (2010-2012 cycle), which are expected to have no impact to the financial statements of the Company, contain non-urgent but necessary amendments to the following standards:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition;*
- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination;*
- PFRS 8, *Operoting Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets;*
- PFRS 13, *Fair Value Measurement - Short-term Receivables and Poyables;*
- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation;*
- PAS 24, *Related Party Disclosures - Key Management Personnel;*
- PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortizotion.*

Annual Improvements to PFRSs (2011-2013 cycle)

The Annual Improvements to PFRSs (2011-2013 cycle), which are expected to have no impact to the financial statements of the Company, contain non-urgent but necessary amendments to the following standards:

- PFRS 1, *First-time Adoption of PFRS - Meaning of 'Effective PFRSs';*
- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements;*
- PFRS 13, *Fair Value Measurement - Portfolio Exception;*
- PAS 40, *Investment Property.*

3. **Summary of Significant Accounting and Financial Reporting Policies**

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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Cash and Cash Equivalents

Cash includes cash on hand and cash in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and are subject to an insignificant change in value.

Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and financial liabilities, except for financial instruments measured at fair value through profit or loss (FVPL). Fair value is determined by reference to the transaction price or other market prices. If such market prices are not readily determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for similar instruments with similar maturities.

The Company recognizes a financial asset or a financial liability in the balance sheet when it becomes a party to the contractual provisions of the instrument.

All regular way purchases and sales of financial assets are recognized on the trade date, i.e., the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets are classified into the following categories:

a. Financial assets at FVPL
b. Loans and receivables
c. Held-to-maturity (HTM) investments
d. Available-for-sale (AFS) financial assets

Financial liabilities, on the other hand, are classified into the following categories:

a. Financial liabilities at FVPL
b. Other financial liabilities

As of March 31, 2014 and December 31, 2013, the Company has no financial assets or financial liabilities at FVPL, HTM investments and AFS financial assets.

The Company determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this classification at every balance sheet date.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are carried at cost or amortized cost in the balance sheet.

Amortization is determined using the effective interest rate method. Loans and receivables are included in current assets if maturity is within 12 months from the balance sheet date. Otherwise, these are classified as noncurrent assets.

Included in this category are the Company's cash and cash equivalents and receivables as of March 31, 2014 and December 31, 2013 (see Note 18).

Other financial liabilities
This category pertains to financial liabilities that are not held for trading or not designated at FVPL upon the inception of the liability. These include liabilities arising from operations (e.g., payables and accruals) or borrowings (e.g., loans and obligations arising from finance lease). The liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium (or discount) and any directly attributable transaction costs.

Included in this category are the Company's accounts payable and other current liabilities as of March 31, 2014 and December 31, 2013 (see Note 18).

Determination of Fair Value

The fair value of financial instruments traded in active markets at the balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

Financial liabilities

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

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Day 1 Difference

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where data used is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the balance sheet.

Impairment of Financial Assets
The Company assesses at each balance sheet date whether a financial asset or Company of financial assets is impaired.

Assets carried at amortized cost
The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Objective evidence includes observable data that comes to the attention of the Company about loss events such as, but not limited to, significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, probability that the borrower will enter bankruptcy or other financial reorganization. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in the Company of financial assets with similar credit risk characteristics and that Company of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in the collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment losses account. If a future write-off is later recovered, the recovery is recognized in profit or loss. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at reversal date.

Input value added tax (VAT)
Input VAT is recognized when the Company purchases goods or services from a VAT-registered supplier or vendor. This account is offset against any output VAT previously recognized.

Property and Equipment

Property and equipment, except land, is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment in value. Land is stated at cost less impairment in value.

The initial cost of an asset comprise its purchase price, any related capitalizable borrowing costs and other directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation commences when an asset is in its location and condition capable of being operated in the manner intended by management and ceases at the earlier of the date the assets are held for sale and the date the assets are derecognized. Depreciation of building improvements is computed on a straight-line basis over the estimated useful life of 3 years.

The assets' estimated residual values, estimated useful lives and depreciation method are reviewed periodically to ensure that the residual values, periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

When assets are sold or retired, their costs and accumulated depreciation, and any accumulated impairment in value are eliminated from the accounts. Any gain or loss resulting from their disposal is included in profit or loss.

Construction in progress is stated at cost. This includes cost of construction, borrowing costs incurred during the development or construction phase and other direct costs. Borrowing costs are capitalized until the property is completed and becomes operational. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use. The capitalized interest is amortized over the estimated useful life of the related assets.

Impairment of Nonfinancial Assets

The Company assesses at each balance sheet date whether there is an indication that its property and equipment may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying value of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Deposit for Future Stock Subscription

Deposit for future stock subscription represents amounts received that will be applied as payment in exchange for a fixed number of the Company's own equity instruments, and presented in the equity section of the balance sheet. These are measured at cost and are reclassified to capital stock upon issuance of shares.

In accordance with Financial Reporting Bulletin No. 6 issued by the SEC, the following elements should be present as of the balance sheet date in order for the Deposits for Future Stock Subscriptions (DFS) to qualify as equity:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- There is a BOD approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- There is stockholders' approval of said proposed increase; and
- The application for the approval of the proposed increase has been filed with the Commission.

If any or all of the foregoing elements are not present, the transaction should be recognized as liability.

Capital Stock

Capital stock represents the portion of the paid in capital representing the total par value of the shares issued. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Additional Paid-in Capital

Additional paid-in capital pertains to the amount paid in excess of the par value of the shares either subscribed, issued, or both.

Deficit

Deficit represents the cumulative balance of net income or loss, dividend distributions, prior period adjustments and effects of changes in accounting policy.

Basic/Diluted Earnings (Losses) Per Share

Basic earnings per share (EPS) is computed by dividing net income attributable to equity holders of the Company for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company currently does not have potential dilutive common shares.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognized:

Interest income

Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

Dividend income

Revenue is recognized when the Company's right to receive the payment is established.

Expenses

Expenses are recognized in profit or loss at the date they are incurred.

Other Comprehensive Income

Items of income and expense (including items previously presented under the statement of changes in equity) that are not recognized in profit or loss for the year are recognized as other comprehensive income and are presented as other comprehensive income in the statement of comprehensive income.

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred tax

Deferred tax is recognized using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for all deductible temporary differences, carry -forward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carry- forward benefits of unused tax credits and unused tax losses can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that sufficient future taxable income will allow the deferred income tax assets to be recovered.

Deferred tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the year when the assets are realized or the liabilities are settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to offset current income tax assets against current tax liabilities and the related deferred taxes relate to the same taxable entity and the same taxation authority.

Provisions and Contingencies

Provisions are recognized when: (1) the Company has a present obligation (legal or constructive) as a result of a past event; (2) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (3) a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. When the Company expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain and its amount is estimable.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

Segment Reporting

The Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Company has only one reportable segment and is presented in Note 16 to the financial statements.

Events After the Balance Sheet Date

Events after the balance sheet date that provide additional information about the Company's position at the balance sheet date (adjusting events), if any, are reflected in the financial statements. Events after the balance sheet date that are not adjusting events are disclosed in the notes to the financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, other comprehensive income (loss) and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments, estimates and assumptions 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.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the financial statements.

Determination of functional currency

The Company's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments

The Company classifies a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the balance sheet.

Recognition of deferred tax ossets

The Company makes an estimate of its future taxable income and reviews the carrying amount of the deferred tax assets at each balance sheet date. The carrying amount is reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

As of March 31, 2014 and December 31, 2013 and 2012, no deferred tax assets on the Company's unused NOLCO and excess MCIT were recognized as management believes that the Company may not have sufficient taxable income against which the excess MCIT and unused NOLCO may be applied (see Note 11).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years are discussed below.

Determination of foir value of financial instruments

Financial assets and financial liabilities, on initial recognition, are accounted for at fair value. The fair values of financial assets and financial liabilities on initial recognition are normally the transaction prices. In the case of those financial assets and financial liabilities that have no active markets, fair values are determined using an appropriate valuation technique. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique: (a) Level 1 - quoted prices in active markets for identical assets and liabilities; (b) Level 2 - inputs other than quoted prices included in *Level 1* that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and (c) Level 3 - inputs that are not based on observable market data or unobservable inputs.

Estimation of allowance for doubtful accounts

The allowance for doubtful accounts relating to receivables is estimated based on two methods. The amounts calculated using each of these methods are combined to determine the total allowance to be provided. First, specific accounts are evaluated based on information that certain customers may be unable to meet their financial obligations. In these cases, judgment is used

based on the best available facts and circumstances, including but not limited to, the length of relationship with the customer and the customer's current credit status based on third party credit reports and known market factors, to record specific reserves against amounts due to reduce receivable amounts expected to be collected. These specific reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated. Second, a collective assessment of historical collection, write-off, experience and customer payment terms is made.

The amount and timing of recorded expenses for any period could therefore differ based on the judgments or estimates made. An increase in the Company's allowance for doubtful accounts will increase its recorded operating expenses and decrease its current assets.

The carrying value of receivables as of March 31, 2014 and December 31, 2013 are disclosed in Note 6 to the financial statements. No provision for doubtful accounts was recognized in 2014, and 2013.

Estimation of the useful life of property and equipment
The useful lives of each of the Company's property and equipment are estimated based on the period over which the assets are expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of each asset are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. It is possible however, that future financial performance could be materially affected by changes in the amounts and timing of recorded expenses brought about by the changes in the factors mentioned above. A reduction in the estimated useful lives of any property and equipment would increase the recorded operating expenses and decrease noncurrent assets. There were no changes in the estimated useful life of the property and equipment in 2014 and 2013.

As of March 31, 2014 and December 31, 2013, the carrying value of property and equipment are disclosed in Note 8 to the financial statements.

Impairment of nonfinancial assets
The Company assesses at each balance sheet date whether there is any indication that property and equipment may be impaired. If such indication exists, the entity shall estimate the recoverable amount of the asset, which is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use.

No impairment loss was recognized in March 2014, 2013 and 2012, for input VAT and property and equipment. Based on management's assessment, there are no indications of impairment on the Company's nonfinancial assets.

The carrying values of the property and equipment are disclosed in Note 8 to the financial statements.

Recoverability of input VAT
The Company assesses the recoverability of input VAT based on the estimated sale of services subject to VAT. Management has assessed that the recognized input VAT as of March 31, 2014 and December 31, 2013, are recoverable and are disclosed in Note 7 to the financial statements.

Provisions
The Company provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provision is based on known information at balance sheet date, net of any estimated amount that may be reimbursed to the Company. No provisions were recognized as of March 31, 2014 and December 31, 2013.

5. Cash and Cash Equivalents

This account consists of:

	2014	2013
Cash on hand	**₱50,000**	₱50,000
Cash in banks	**60,033,912**	65,613,458
Cash equivalents	**1,032,340,965**	1,148,806,223
	₱1,092,424,877	₱1,214,469,681

Cash in banks generally earn interest at the respective bank deposit rates. Cash equivalents are short-term deposits made for varying periods of up to three months and earn interest at the respective short-term deposit rates.

Interest income earned from bank deposits and time deposits aggregated to ₱2.86 million in 2014 and ₱2.69 million in 2013 (see Note 10).

6. Advances and Other Receivables

This account consists of:

	2014	2013
Advances to an affiliate (see Note 12)	**₱113,784,393**	₱113,784,393
Advances to contractors and suppliers	**131,473,741**	108,321,958
Advances to employees	**20,000**	200,000
Interest receivable	**-**	914,145
	₱245,278,134	₱223,220,496

Interest receivable in 2013 consisted of accrued interest income from time deposit.

Advances to suppliers include payments made to suppliers for goods or services to be received in the future. Advances to contractors pertain to down payments and advances paid by the company for the development of a project in Manila (see Note 8).

7. Input VAT

This consists of:

	2014	2013
Current	**₱123,281,225**	₱102,830,215
Non-current:		
Construction in progress (Note 8)	**800,302**	6,779,494
Others	**134,481**	143,481
	934,783	6,922,975
	₱124,216,008	₱109,753,190

8. **Property and Equipment**

The roll forward analysis of this account consists of:

	2014			
	January 1	**Additions**	**Disposals**	**March 31**
Cost				
Land	**₱ 600,800,000**	**₱–**	**₱–**	**₱600,800,000**
Furnitures and fixtures	**14,866**	**7,321**	**–**	**22,187**
Computer software and hardware	**185,643**	**180,133**	**–**	**365,776**
Office equipment	**36,464**	**–**	**–**	**36,464**
Transportation equipment	**1,625,893**	**–**	**–**	**1,625,893**
	602,662,866	**187,454**	**–**	**602,850,320**
Accumulated depreciation				
Furnitures and fixtures	**1,987**	**987**	**–**	**2,974**
Computer software and hardware	**29,394**	**20,474**	**–**	**49,868**
Office equipment	**3,637**	**1,823**	**–**	**5,460**
Transportation Equipment	**–**	**71,295**	**–**	**71,295**
Total	**35,018**	**94,579**	**–**	**129,597**
Net book value	**602,627,848**	**92,875**	**–**	**602,720,723**
Construction in progress	**239,268,202**	**94,821,877**	**–**	**334,090,079**
Total	**₱ 841,896,050**	**₱231,219,264**	**₱–**	**₱936,810,802**

	2013			
	January 1	**Additions**	**Disposals**	**December 31**
Cost				
Land	**₱ 600,800,000**	**₱–**	**₱–**	**₱600,800,000**
Furnitures and fixtures	**–**	**14,866**	**–**	**14,866**
Computer software and hardware	**–**	**185,643**	**–**	**185,643**
Office equipment	**–**	**36,464**	**–**	**36,464**
Transportation equipment	**–**	**1,625,893**	**–**	**1,625,893**
	600,800,000	**1,862,866**	**–**	**602,662,866**
Accumulated depreciation				
Furnitures and fixtures	**–**	**1,987**	**–**	**1,987**
Computer software and hardware	**–**	**29,394**	**–**	**29,394**
Office equipment	**–**	**3,637**	**–**	**3,637**
Total	**–**	**35,018**	**–**	**35,018**
Net book value	**600,800,000**	**1,827,848**	**–**	**602,627,848**
Construction in progress	**9,876,786**	**229,391,416**	**–**	**239,268,202**
Total	**₱ 610,676,786**	**₱231,219,264**	**₱–**	**₱841,896,050**

Construction in progress pertains mainly to a development project in Manila (see Notes 6 and 9).

In 2012, land with an appraised value of ₱600,800,000 was received as consideration for the subscription of MJCI to the Company's common shares in accordance with the memorandum of agreement dated July 24, 2008 (see Note 15).

9. Accounts Payable and Other Current Liabilities

This account consists of:

	2014	2013
Accrued expenses	**₱308,000**	₱61,825,353
Retention payable	**7,469,489**	12,660,676
Accounts payable	**85,268,724**	6,922,602
Withholding taxes payable	**1,900.921**	850,918
Advances from an affiliate (Note 12)	**945,171**	945,171
Accrued employee benefit	**592,222**	43,983
Other liabilities	**84,933**	84,053
	₱96,569,460	₱83,332,756

Accounts payable are noninterest-bearing and are normally settled within 30 days. As of March 31, 2014, accounts payable of the Company mainly pertains to unclaimed checks by contractors and suppliers, for the construction cost incurred for the development of a project in Sta. Cruz, Manila.

Retention payable represents the portion of construction billings which will be paid upon satisfaction by the contractors of the conditions specified in the contracts or until defects have been corrected.

10. Interest Income

Interest income related to:

	March 2014	March 2013
Cash and cash equivalents (Note 5)	₱2,855,112	₱2,686,624
	₱2,855,112	₱2,686,624

11. Income Taxes

a. The provision for (benefit from) for income tax consists of the following:

	March 2014	March 2013
Current:		
Final	**₱571,022**	₱419,697
MCIT	-	-
	571,022	419,697
Deferred	–	–
	₱571,022	₱419,69

b. There were no deferred tax liabilities as of March 31, 2014 and 2013.

c. No deferred tax assets were recognized on the following carry forward benefits of unused NOLCO and excess MCIT as of March 31, 2014 and December 31, 2013 and 2012, as management believes that the Company may not have sufficient taxable income against which the excess MCIT and unused NOLCO may be applied:

	2013	2012
NOLCO	**₱81,905,184**	₱43,776,277
Excess of MCIT over RCIT	**52,853**	75,893

As of December 31, 2013, the details of NOLCO and excess of MCIT over RCIT are as follows:

Year Incurred	Year of Expiration	NOLCO	MCIT
2011	2014	₱1,989,528	₱43,353
2012	2015	39,774,256	3,500
2013	2016	40,141,400	6,000
		₱81,905,184	₱52,853

d. As of March 31, 2014, the company incurred a net loss of ₱ 3,832,299, after final taxes and there is no MCIT.

12. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

In the normal course of business, the Company has transactions and account balances with related parties as follows:

			2014		2013			
Entity	Relationship	Nature	Amount	Outstanding Receivable (Payable) Balance	Amount	Outstanding Receivable (Payable) Balance	Terms	Condtion
Sierra Prime Properties Corporation	Affiliate	Cash advance[a]		**₱5,000,000**	₱5,000,000	₱5,000,000	Interest bearing	unsecured, unguaranteed
		Transfer of assets and liabilities (see Note 15)		**108,214,153**	108,214,153	108,214,153	Non-Interest bearing	unsecured, unguaranteed
		Interest on Cash advances[a]		**475,000**	475,000	475,000	Non-Interest bearing	unsecured, unguaranteed
		Other Advances		**95,240**	95,240	95,240	Non-Interest bearing	unsecured, unguaranteed
Manila Jockey Club, Inc. (MJCI)	Stockholder	Cash advances (see Note 9)		**(945,171)**	945,171	(945,171)	Non-Interest bearing, due a demandable	unsecured, unguaranteed
		Subscription of additional common) shares (see Note 13)			600,800,000		Non-Interest bearing	unsecured, unguaranteed
		Subscription Receivable (see Note 13)			42,808,835	42,808,835	Non-Interest bearing	unsecured, unguaranteed

a. In 2011, the Company extended an interest-bearing advances amounting to ₱5,000,000 to SPPC for a period of one year with interest rate of 6% per annum. Interest income recognized in 2013, 2012 and 2011 amounted to ₱300,000, ₱175,000 and ₱25,000 respectively (see Note 10). Noninterest-bearing receivable from SPPC and interest receivable amounting to ₱108,214,153 and ₱175,000, respectively, pertains to the transfer of a group of assets and liabilities as part of the MOA signed July 24, 2008 in 2012 (see Note 15).

Key Management Personnel

The Corporation has no standard arrangement with regard to the remuneration of its existing directors. As of March 31, 2014 and the same period in 2013, the BOD received director's fees aggregating to ₱153,500 and ₱245,000, respectively. Beginning in 2013, administrative and finance functions as well as the operations of the Company are handled by its own staff.

13. Equity

The Company was listed with the PSE in November 11, 1955. As of March 31, 2014, the Company has an aggregate of 2,500,614,159 outstanding shares of stock and has a total of 452 stockholders of record.

Capital Stock

The capital stock as of March 31, 2014 and December 31, 2013 consist of:

	2014		2013	
	Number of shares	**Amount**	**Number of shares**	**Amount**
Common shares - ₱1 par value				
Authorized - 5,000,000,000 shares in 2014 and 2013				
Issued and outstanding (held by 452 equity holder)	**2,309,601,064**	**₱2,309,601,064**	**2,309,601,064**	**₱2,309,601,064**
Subscribed	**191,013,095**	**191,013,095**	**191,013,095**	**191,013,095**
Subscriptions receivable		**(105,548,554)**		**(105,548,554)**
		₱2,395,065,605		**₱2,395,065,605**

Pursuant to a Memorandum of Agreement (MOA) dated July 24, 2008 by and between MJCI and the Company, MJCI subscribed to 107,360,137 common shares at the subscription price of P1.00 per share. As of 2013, MJCI has paid P64,551,302.00 of the subscription price with the balance of P42,808,835 payable upon call of Board of Directors of the Company.

Pursuant further to the July 28, 2008 MOA, the Company issued 600.8 Million shares from its authorized capital stock in favor of MJCI in exchange of the latter's real estate property situated in Sta. Cruz, Manila consisting of 7,510 square meters. The Bureau of Internal Revenue under its Certification dated October 29, 2012 authorized the property for share exchange.

On January 17, 2013, a group of strategic investors subscribed to 450,000,000 shares at a subscription price of P1.00 per share to be taken from the unsubscribed portion of the authorized capital stock. The subscription price of P450 Million was paid on said date. Additional subscription from non-related parties of 73,500,000 shares at a subscription price of ₱1.00 per share was also made and paid in full on January 17, 2013.

On July 24, 2013, some stockholders of the Company subscribed to 73,898,168 shares at a subscription price of P1.00. The subscription was made pursuant to the July 24, 2008 MOA. As of March 31, 2014, the balance on the subscription is P7,500,000.00.

On October 3, 2013, the group of strategic investors subscribed to additional 875 million shares at the subscription price of ₱1.00 per share. Additional subscription from non-related parties of 189,513,013 common shares at a subscription price of ₱1.00 per share was also made on same date. All the subscriptions on October 3, 2013 were paid in full on said date.

Increase in Authorized Capital Stock

In the annual stockholders' meeting of the Company held on June 27, 2008, the stockholders approved and ratified the increase of the authorized capital stock of the Company from 400.0 million shares to 1.5 billion shares with par value of ₱1 per share. The increase in the authorized capital stock was approved by the SEC on August 15, 2012.

Further, during the annual stockholders' meeting of the Company held on June 25, 2012, the stockholders approved and ratified the increase of the authorized capital stock of the Company from 1.5 billion shares to 5.0 billion shares with par value of ₱1 per share. The increase in the authorized capital stock was approved by the SEC on September 23, 2013.

In 2013, the documentary stamp tax on the issuance of capital stock amounting to ₱8,309,555 was charged against "Retained Earnings" in the statement of changes in equity.

14. Basic/Diluted Earnings (Losses) Per Share

	2014	2013
Net income (loss) for the year	**(₱3,832,299)**	(₱8,725,236)
Divided by weighted average number of outstanding common shares	**1,943,724,930**	1,362,202,978
Basic/diluted earnings (losses) per share	**(₱0.002)**	(₱0.020)

The Company has no potential dilutive common shares as of March 31, 2014, and March 31, 2013. Therefore, the basic and diluted earnings/ (losses) per share are the same as of those dates.

15. Property for Share Swap

On April 16, 2008, the BOD accepted the offer of MJCI for the Company to be the transferee of MJCI's non-core assets (real estate properties and gaming machinery and equipment) under a property for share exchange subject to certain conditions. On July 24, 2008, MJCI and the Company entered into a MOA providing the following:

i. in order that MJCI shall have immediate control of the Company, MJCI shall subscribe to 107,360,137 shares of stock out of the unsubscribed portion of the Company's authorized capital stock;

ii. MJCI shall transfer, convey and assign the Sta. Cruz Property and the gaming machinery and equipment in exchange for shares of stock of the Company, exchange ratio of which shall be one share of the Company for every ₱1 zonal value of the Sta. Cruz property;

iii. The Company shall cause the payment of its existing liabilities in the amount of ₱14.2 million;

iv. The Company shall cause the assignment of its marketable securities and receivables to the previous stockholders; and

v. The Company shall spin off its 5-hectare property in Tanza, Cavite to a new corporation (NEWCO) to be organized by the Company and assign the shares of the capital stock of NEWCO to the previous stockholders of the Company.

On February 5, 2009, the MOA was amended to use the appraised value instead of zonal value of the Sta. Cruz Property as the exchange ratio for the property for share swap.

On January 23, 2009, in accordance with the MOA, MJCI executed a subscription agreement to subscribe out of the unissued portion of the authorized capital stock of the Company at the subscription price of ₱1 per share for 107,360,137 shares, equivalent to 50.23% ownership in the Company, making MJCI the majority stockholder. As of December 31, 2013, MJCI has paid ₱64,551,302 representing 60.13% of the total subscription price. The remaining balance of ₱42,808,835 is payable upon the call of the BOD of the Company (see Note 13).

On December 6, 2010, the ARIES ASIA PROPERTY HOLDINGS, INC (NEWCO) was incorporated as SIERA PRIME PROPERTIES CORP. (SPPC). On July 23, 2012, the Board approved the implementation of the transfer of the assets to SPPC.

On August 6, 2012, the Company transferred to SPPC the assets and liabilities enumerated below for a total consideration of ₱108,389,153, by virtue of the MOA dated July 24, 2008.

	Agreed Amounts
Assets	
Held for trading investments	₱63,640,124
Investment property	37,679,140
Receivables	25,266,055
Input VAT	58,675
	126,643,994
Liabilities	
Accounts payable	5,195,242
Due from related parties	13,059,599
	18,254,841
Total	**₱108,389,153**

On October 29, 2012, MJCI transferred 7,510 square meters of the Sta. Cruz Property in exchange for 600.8 million common shares of the Company. The property transferred has a fair value of ₱600,800,000 or ₱80,000 per square meter. The transaction is considered as a tax-free exchange under BIR certification dated October 29, 2012 pursuant to Section 40 (c) (2) of the National Internal Revenue Code.

In accordance with the BIR certification, the property for share exchange is not subject to income tax, capital gains tax, expanded withholding tax and donor's tax. The transaction, however, is subject to value added tax (VAT) and documentary stamp tax. The input VAT related to the land acquired amounted to ₱72,096,000 is presented as part of "Input VAT" classified as current assets in the balance sheets while the documentary stamp tax amounting to ₱3,004,000 was charged against "Additional paid-in capital" and "Retained earnings" amounting to ₱2,528,624 and 475,376, respectively, in the statements of changes in equity.

16. **Operating Segment Information**

The Company has only one operating segment which is to acquire by purchase, lease or otherwise, lands or interest in lands and realty, and to own, hold, improve or develop said land or real estate so acquired, and to build or cause to be built on any lands owned, held, occupied or acquired, buildings, facilities, and other structures with their appurtenances, for residential, commercial, mixed-use, leisure, gaming, amusement and entertainment purposes.

Management monitors the operating results of its operating segment for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income or loss and is measured consistently with the total comprehensive income in the financial statements.

The Company's asset-producing revenues are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

Segment Revenue and Expenses

The segment results for March 31, 2014 and for the same period in 2013 are as follows:

	2014	2013
Segment revenue	**₱2,855,112**	₱2,686,624
Costs and expenses	**6,116,388**	10,992,163
Loss before income tax	**(3,261,276)**	(8,305,539)
Provision for income tax	**571,022**	417,697
Net loss	**(₱3,832,299)**	(₱8,725,236)

Segment Assets and Liabilities and Other Information

The segment assets, liabilities and capital expenditures for March 31, 2014 and December 31, 2013 are as follows:

	2014	2013
Assets	**₱2,399,643,912**	₱2,390,239,507
Liabilities	**96,575,460**	83,338,756
Capital	**2,303,068,451**	2,306,900,751
Interest income	**2,855,112**	10,917,012
Depreciation	**94,579**	35,018

17. **Financial Instruments**

The carrying values of cash and cash equivalents, receivables, accounts payable and other current liabilities and due to related parties approximates their fair values due to short-term nature of the transaction.

Fair Value Hierarchy

The Company measures the fair value of financial instruments carried at fair value using the following hierarchy:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There were no financial instruments measured at fair value as of March 31, 2014 and December 31, 2013 . There were no transfers between hierarchy in 2014 and 2013.

18. **Financial Risk Management Objectives and Policies**

The Company's financial instruments comprise cash and cash equivalents, receivables, accounts payable and other liabilities and due to related parties. The main purpose of these financial instruments is to finance the Company's operations. The main risks arising from the use of these financial instruments include equity price risk, credit risk and liquidity risk. The Company's BOD reviews and approves the policies for managing these risks and these are summarized below.

Credit Risk

Credit risk arises because the counterparty may fail to discharge its contractual obligations. The Company transacts only with related parties and recognized and creditworthy third parties. Receivable balances are monitored on an ongoing basis. Further, management intensifies its collection efforts to collect from defaulting third parties.

The Company's policy is to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. There are no significant concentrations of credit risk in the Company.

With respect to credit risk arising from other financial assets of the Company, which comprise cash and cash equivalents and receivables, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these instruments.

The table below shows the maximum exposure to credit risk of the Company as of March 31, 2014 and December 31, 2013:

	2014	2013
Loans and receivables:		
Cash and cash equivalents*	**₱1,092,374,877**	₱1,214,419,681
Advances and other receivables	**245,278,134**	223,220,496
	₱1,337,653,011	₱1,437,640,177

**Excluding cash on hand amounting to ₱50,000 in 2014 and in 2013.*

Where financial instruments are recorded at fair value, the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future. The credit quality of financial assets is managed by the Company using internal credit ratings. The tables below show the credit quality of financial assets based on the Company's credit rating system as of March 31, 2014:

	2014		
	Standard Grade	Past Due but not Impaired	Total
Loans and receivables:			
Cash and cash equivalents*	**₱1,092,374,877**	**₱–**	**₱1,092,374,877**
Advances and other receivables	**245,278,134**	**–**	**245,278,134**
	₱1,337,653,011	**₱–**	**₱1,337,653,011**

	2013		
	Standard Grade	Past Due but not Impaired	Total
Loans and receivables:			
Cash and cash equivalents*	**₱1,214,419,681**	**₱–**	**₱1,214,419,681**
Advances and other receivables	**223,220,496**	**–**	**223,220,496**
	₱1,437,640,177	**₱–**	**₱1,437,640,177**

**Excluding cash on hand omounting to ₱50,000 in 2014 in 2013.*

The credit quality of the financial assets was determined as follows:

Cosh and cash equivalents
These are considered standard grade based on the nature of the counterparty (e.g., highly reputable banks, among others). Cash in banks are limited to highly reputable banks duly authorized by the BOD.

Advances and others receivables
Standard grade receivables pertain to receivables from related parties, officers and employees and other counterparties, that have no history of significant default or delinquency in collections.

Liquidity Risk
Liquidity risk is defined as the risk that the Company would not be able to settle or meet its obligations on time or at a reasonable price. The Company's objective is to maintain a balance between continuity of funding and flexibility by regularly evaluating its projected and actual cash flows and through the use of bank loans and extension of suppliers' credit terms. The Company maximizes the net cash inflows from operations to finance its working capital requirements.

The tables below summarize the maturity profile of the Company's financial liabilities as of March 31, 2014 and December 31,2013 , based on contractual undiscounted payments (principal and interest).

	2014			
	Due and Demandable	**> 1 month**	**> 3 months but < 1 year**	**Total**
Accounts payable and other current liabilities*	**₱945,171**	**₱93,723,368**	**₱–**	**94,668,539**

	2013			
	Due and Demandable	> 1 month	> 3 months but < 1 year	Total
Accounts payable and other current liabilities*	₱945,171	₱81,536,667	₱–	₱82,481,838

**Amounts are exclusive of nonfinancial liabilities amounting to ₱1,900,921 and ₱850,918 as of March 31, 2014 and December 31, 2013, respectively.*

The following tables show the profile of financial assets used by the Company to manage its liquidity risk:

	2014			
	Due and Demandable	> 1 month	> 3 months but < 1 year	Total
Loans and receivables:				
Cash and cash equivalents*	₱1,092,374,877	₱–	₱–	₱1,092,374,877
Advances and other receivables	245,278,134	–	–	245,278,134
Total	₱1,337,653,011	₱–	₱–	₱1,337,653,011

	2013			
	Due and Demandable	> 1 month	> 3 months but < 1 year	Total
Loans and receivables:				
Cash and cash equivalents*	₱1,214,419,681	₱–	₱–	₱1,214,419,681
Advances and other receivables	223,220,496	–	–	223,220,496
Total	₱1,437,640,177	₱–	₱–	₱1,437,640,177

**Excluding cash on hand amounting to ₱50,000 in 2014 and in 2013.*

19. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize stockholders' value.

The Company considers its total equity amounting to ₱2,303,068,451 and ₱2,306,900,751 as its capital as of March 31, 2014 and December 31, 2013 respectively.

The Company maintains a capital base to cover risks inherent in the business. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payments to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

20. Other Matters

On March 18, 2010, the Philippine Gaming Corporation ("PAGCOR") granted the Company a permit to maintain and operate a casino at Manila where the Sta. Cruz Property is located. The permit shall be for a period of ten years, to commence on the date of actual operation of the casino.

MJC INVESTMENTS CORP.
12F Strata 100 Bldg., F. Ortigas Jr. Road, Ortigas Center, Pasig City
Tel. No. 632-7373/Fax No. 631-2846

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of MJC INVESTMENTS CORPORATION is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2013 and 2012, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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

Sycip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed opinion on the fairness of presentation upon completion of such examination.

ALFONSO R. REYNO, JR.
Chairman & President

RODOLFO B. REYNO, JR.
Chief Finance Officer

SUBSCRIBED AND SWORN to before me this day of 19 MAY 2014 at Pasig City, affiants exhibited to me their ID Nos. as follows:

Names	ID Nos.	Date/Place Issued
Alfonso R. Reyno, Jr.	TIN No. 114-555-166	Manila, Philippines
Rodolfo B. Reyno, Jr.	TIN No. 100-752-248	Manila, Philippines

Doc. No. 196;
Page No. 41;
Book No. I;
Series of 2014.

ATTY. HEATHER EZRA C. ANNANG
NOTARY PUBLIC
APPOINTMENT NO. 112-(2013-2014)
Until December 31, 2014
PTR No. 9844336 / Jan. 09, 2014 – Pasig City
IBP No. 954389 / Jan. 09, 2014 – Cagayan
CITY OF PASIG
Roll of Attorney No. 54476

1	0	0	2	0					

SEC Registration Number

MJC INVESTMENTS CORPORATION

(Company's Full Name)

12th Floor, Strata 100 Building, Emerald Avenue, Ortigas Center, Pasig City

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

Rodolfo B. Reyno
(Contact Person)

914-4852
(Company Telephone Number)

12 **31**
Month *Day*
(Calendar Year)

AAFS
(Form Type)

06 **26**
Month *Day*
(Annual Meeting)

Not Applicable
(Secondary License Type, If Applicable

SEC
Dept. Requiring this Doc.

N/A
Amended Articles Number/Section

Total Amount of Borrowings

452
Total No. of Stockholders

N/A
Domestic

N/A
Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

UNION BANK OF THE PHIL.
JULIA VARGAS BRANCH
BR. CODE 43A
RECEIVED
APR 15 2014

SGV
Building a better working world

SyCip Gorres Velayo & Co
6760 Ayala Avenue
1226 Makati City
Philippines

Tel (632) 891 0307
Fax (632) 819 0872
ey.com/ph

BOA/PRC Reg No 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No 0012-FR-3 (Group A)
November 15 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
MJC Investments Corporation
12th Floor, Strata 100 Building
Emerald Avenue, Ortigas Center
Pasig City

Report on the Financial Statements

We have audited the accompanying financial statements of MJC Investments Corporation, which comprise the balance sheets as at December 31, 2013 and 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

SGV
Building a better
working world

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of MJC Investments Corporation as at December 31, 2013 and 2012, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2013 in accordance with Philippine Financial Reporting Standards.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations15-2010 in Note 21 to the financial statements are presented for purposes of filing with the Bureau of Internal Revenue and are not a required part of the basic financial statements. Such information are the responsibility of the management of MJC Investments Corporation. The information have been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Arnel F. De Jesus
Partner
CPA Certificate No. 43285
SEC Accreditation No. 0075-AR-3 (Group A),
February 14, 2013, valid until February 13, 2016
Tax Identification No. 152-884-385
BIR Accreditation No. 08-001998-15-2012,
June 19, 2012, valid until June 18, 2015
PTR No. 4225163, January 2, 2014, Makati City

April 3, 2014

UNIONBANK OF THE PHIL.
JULIA VARGAS BRANCH
RDO CODE-43A
RECEIVED
APR 15 2014
DATE

MJC INVESTMENTS CORPORATION
BALANCE SHEETS

	December 31	
	2013	2012
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 17 and 18)	**₱1,214,469,681**	₱8,892,026
Advances and other receivables (Notes 6, 17 and 18)	**223,220,496**	113,484,393
Prepayment	**900,090**	–
Input value added tax (VAT) (Note 7)	**102,830,215**	74,130,395
Total Current Assets	1,541,420,482	196,506,814
Noncurrent Assets		
Property and equipment (Note 8)	**841,896,050**	610,676,786
Deferred input VAT (Note 7)	**6,922,975**	–
Total Noncurrent Assets	**848,819,025**	610,676,786
TOTAL ASSETS	**₱2,390,239,507**	₱807,183,600
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 9, 17 and 18)	**₱83,332,756**	₱12,997,130
Deposit for future stock subscription	–	675,900,000
Income tax payable (Note 11)	**6,000**	3,500
Total Liabilities	83,338,756	688,900,630
Equity		
Capital stock (Note 13)	2,395,065,605	166,221,101
Deficit	(88,164,854)	(47,938,131)
Total Equity	2,306,900,751	118,282,970
TOTAL LIABILITIES AND EQUITY	₱2,390,239,507	₱807,183,600

See accompanying Notes to Financial Statements.

MJC INVESTMENTS CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2013	2012	2011
INVESTMENT GAINS (LOSSES)			
Gains (losses) on fair value changes of held for trading investments	₱–	₱27,594,539	(₱5,736,071)
Gain on sale of held for trading investments	–	–	8,096,911
	–	27,594,539	2,360,840
EXPENSES			
Salaries and wages (Note 1)	**19,102,206**	–	–
Filing and listing fees	**7,547,960**	2,536,650	243,850
Meetings and conferences	**4,221,677**	6,096,505	370,146
Transportation and travel	**4,148,333**	4,998,513	1,297,372
Professional fees (Note 1)	**2,720,838**	14,415,500	715,930
Director's fees (Note 12)	**843,500**	1,045,000	446,500
Rent	**861,021**	–	–
Representation	**263,403**	46,652	62,668
Supplies	**65,389**	50,553	15,855
Utilities	**282,239**	52,000	85,760
Taxes and licenses	**40,526**	8,576,048	488,117
Depreciation (Note 8)	**35,018**	17,739	106,441
Brokerage fee and other related expenses	–	–	533,607
Others (Note 15)	**572,693**	2,160,748	65,419
	40,704,803	39,995,908	4,431,665
OTHER INCOME			
Interest income (Note 10)	**10,917,012**	249,051	154,940
Dividend income	–	2,069,598	98,166
Reversal of liability	–	–	2,142,634
Others	–	–	(100)
	10,917,012	2,318,649	2,395,640
INCOME (LOSS) BEFORE INCOME TAX	**(29,787,791)**	(10,082,720)	324,815
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 11)	**2,129,377**	15,842	(133,183)
NET INCOME (LOSS)	**(31,917,168)**	(10,098,562)	457,998
OTHER COMPREHENSIVE INCOME	–	–	–
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱31,917,168)**	(₱10,098,562)	₱457,998
Basic/Diluted Earnings (Losses) Per Share (Note 14)	**(₱0.020)**	(₱0.042)	₱0.002

See accompanying Notes to Financial Statements.

15 2014

IVESTMENTS CORPORATION

MENTS OF CHANGES IN EQUITY

E YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011

	Capital Stock (Note 14)					
	Subscribed	Subscription receivables	Net	Additional paid-in capital	Deficit	Total
CES AT DECEMBER 31, 2011	**₱237,902,978**	**(₱98,657,131)**	**₱139,245,847**	**₱2,528,624**	**(₱37,364,193)**	**₱104,410,278**
n of subscription receivables s 12 and 13)	–	26,975,254	26,975,254	–	–	26,975,254
on cost on property-for-share exchange	–	–	–	(2,528,624)	(475,376)	(3,004,000)
nprehensive loss for the year	–	–	–	–	(10,098,562)	(10,098,562)
CES AT DECEMBER 31, 2012	**237,902,978**	**(71,681,877)**	**166,221,101**	–	**(47,938,131)**	**118,282,970**
n of subscription receivables	–	39,786,281	39,786,281	–	–	39,786,281
ion of capital stock (Note 12 and 13)	2,262,711,181	(73,652,958)	2,189,058,223	–	–	2,189,058,223
on cost on issuance of capital stock	–	–	–	–	(8,309,555)	(8,309,555)
nprehensive loss for the year	–	–	–	–	(31,917,168)	(31,917,168)
CES AT DECEMBER 31, 2013	**₱2,500,614,159**	**(₱105,548,554)**	**₱2,395,065,605**	**₱–**	**(₱88,164,854)**	**₱2,306,900,751**

panying Notes to Financial Statements.

UNIONBANK
JULIA V.
RDO

APR 15 2014

MJC INVESTMENTS CORPORATION
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**(₱29,787,791)**	(₱10,082,720)	₱324,815
Adjustments for:			
Interest income (Note 10)	**(10,917,012)**	(249,051)	(154,940)
Depreciation (Note 8)	**35,018**	17,739	106,441
Unrealized losses (gains) on fair value changes of held for trading investments	–	(27,594,539)	5,736,071
Dividend income	–	(2,069,598)	(98,166)
Reversal of liabilities	–	–	(2,142,634)
Gain on sale of held for trading investments	–	–	(8,096,911)
Operating loss before working capital changes	(40,669,785)	(39,978,169)	(4,325,324)
Decrease (increase) in:			
Advances and other receivables	**(108,821,958)**	(5,945,265)	106,956
Input value added tax			
Current	**(28,699,820)**	(73,861,770)	(145,779)
Deferred	**(6,922,975)**	–	–
Prepayments	**(900,090)**	–	–
Held for trading investments	–	–	6,820,255
Increase in accounts payable and other current liabilities	69,407,765	20,908,363	1,544,385
Net cash generated from (used in) operations	**(116,606,863)**	(98,876,841)	4,000,493
Income taxes paid, including withholding final taxes	**(2,126,877)**	(41,491)	(25,988)
Net cash flows provided by (used in) operating activities	(118,733,740)	(98,918,332)	3,974,505
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment (Note 8)	**(231,254,282)**	–	–
Interest received (Note 10)	**10,002,867**	74,051	154,940
Advances received from related parties (Note 12)	**927,861**	–	(5,000,000)
Dividends received	–	2,069,598	98,166
Net cash flows provided by (used in) investing activities	(220,323,554)	2,143,649	(4,746,894)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from subscription of capital stock (Note 13)	**1,513,158,223**	–	–
Collection of subscription receivable (Note 13)	**39,786,281**	26,975,254	–
Transaction cost for issuance of capital stock	**(8,309,555)**	–	–
Payment of taxes and licenses for property for share exchange	–	(3,004,000)	–
Deposit for future stock subscription	–	75,100,000	–
Payments of advances from related parties (Note 13)	–	(13,057,429)	(3,739,257)
Net cash flows provided by (used in) financing activities	**1,544,634,949**	86,013,825	(3,739,257)
NET INCREASE (DECREASE) IN CASH	**1,205,577,655**	(10,760,858)	(4,511,646)
CASH AT BEGINNING OF YEAR	**8,892,026**	19,652,884	24,164,530
CASH AT END OF YEAR	**₱1,214,469,681**	₱8,892,026	₱19,652,884

See accompanying Notes to Financial Statements

MJC INVESTMENTS CORPORATION
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

MJC Investments Corporation (the "Company"), was incorporated on July 15, 1955 as Palawan Consolidated Mining Company, Inc. On November 11, 1955, the Company was listed in the Philippine Stock Exchange (PSE). The following are the series of changes in corporate name and their effective dates of change as approved by the Philippine Securities and Exchange Commission (SEC):

Date	Corporate Name
February 12, 1997	Ebecom Holdings Inc.
September 25, 2003	Aries Prime Resources, Inc.
September 30, 2008	MJCI Investments, Inc.
October 15, 2009	MJC Investments Corporation

In 2005, the SEC approved the extension of the Company's corporate life for another fifty years starting July 2005.

On April 16, 2008, the Board of Directors (BOD) accepted the offer of Manila Jockey Club, Inc. (MJCI) for the Company to be the transferee of MJCI's non-core assets (including real estate properties and gaming machinery and equipment) under a property-for-share exchange subject to certain conditions, which were executed on July 23, 2012 (see Note 15).

On January 19, 2010, the SEC approved the amendment of the Company's primary purpose from engaging in mining operation to that of an investment holding company, which is to acquire by purchase, lease or otherwise, lands or interest in lands and realty, and to own, hold, improve or develop said land or real estate so acquired, and to build or cause to be built on any lands owned, held, occupied or acquired, buildings, facilities, and other structures with their appurtenances, for residential, commercial, mixed-use, leisure, gaming, amusement and entertainment purposes.

The registered office address of the Company is 12th Floor, Strata 100 Building, Emerald Avenue, Ortigas Center, Pasig City. In 2013, administrative and finance functions as well as the operations of the Company are handled by its own staff which was previously provided by MJCI in 2012.

The financial statements as of December 31, 2013 and 2012 and for each of the three years in the period ended December 31, 2013 were authorized for issue by the BOD on April 3, 2014.

2. Basis of Preparation, Statement of Compliance and Changes in Accounting Policies and Disclosures

Basis of Preparation
The financial statements of the Company have been prepared using the historical cost basis. The financial statements are presented in Philippine Peso (Peso, ₱), the Company's functional currency, and rounded off to the nearest Peso, except when otherwise indicated.

Statement of Compliance
The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS includes Philippine Accounting Standards (PAS) and Philippine interpretation of International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the Financial Reporting Standards Council (FRSC).

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year except that the Company has adopted the following standards and interpretations mandatory beginning January 1, 2013. Unless otherwise indicated, the adoption of these new and amended standards and interpretations do not have a material impact on the Company's financial statements.

New Accounting Standards, Interpretations and Amendments Effective in 2013

- PFRS 7, *Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format, unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:
  a) The gross amounts of those recognized financial assets and recognized financial liabilities;
  b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
  c) The net amounts presented in the statement of financial position;
  d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
     i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
     ii. Amounts related to financial collateral (including cash collateral); and
  e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

  The amendments have no impact on the Company's financial position or performance.

- PFRS 10, *Consolidated Financial Statements*
  PFRS 10 replaced the portion of PAS 27, *Consolidated and Separate Financial Statements*, that addressed the accounting for consolidated financial statements. It also included the issues raised in SIC 12, *Consolidation - Special Purpose Entities*. PFRS 10 established a single control model that applied to all entities including special purpose entities. The changes introduced by PFRS 10 require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27.

- PFRS 11, *Joint Arrangements*
  PFRS 11 replaced PAS 31, *Interests in Joint Ventures*, and SIC 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. PFRS 11 removed the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method.

- PFRS 12, *Disclosure of Interests in Other Entities*
  PFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in

PFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries (for example, where a subsidiary is controlled with less than a majority of voting rights).

- PFRS 13, *Fair Value Measurement*
  PFRS 13 establishes a single source of guidance under PFRSs for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS. PFRS 13 defines fair value as an exit price. PFRS 13 also requires additional disclosures.

  As a result of the guidance in PFRS 13, the Company re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. The Company has assessed that the application of PFRS 13 has not materially impacted the fair value measurements of the Company. Additional disclosures, where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 17 to the financial statements.

- PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (OCI)* (Amendments)
  The amendments to PAS 1 introduced a grouping of items presented in OCI. Items that will be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments do not change the nature of the items that are currently recognized in OCI, nor do they impact the determination of whether items of OCI are classified through profit or loss in the future periods.

- PAS 19, *Employee Benefits* (Revised)
  For defined benefit plans, the revised PAS 19 requires all actuarial gains and losses to be recognized in other comprehensive income and unvested past service costs previously recognized over the average vesting period to be recognized immediately in profit or loss when incurred.

  Prior to adoption of the revised PAS 19, the Company recognized actuarial gains and losses as income or expense when the net cumulative unrecognized gains and losses for each individual plan at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets and recognized unvested past service costs as an expense on a straight-line basis over the average vesting period until the benefits become vested. Upon adoption of the revised PAS 19, the Company changed its accounting policy to recognize all actuarial gains and losses in other comprehensive income and all past service costs in profit or loss in the period they occur.

  The revised PAS 19 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net balance sheet defined benefit liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.

  The revised PAS 19 also amended the definition of short-term employee benefits and requires employee benefits to be classified as short-term based on expected timing of settlement rather than the employee's entitlement to the benefits. In addition, the revised PAS 19 modifies the timing of recognition for termination benefits. The modification requires the termination benefits to be recognized at the earlier of when the offer cannot be withdrawn or when the related restructuring costs are recognized.

Changes to definition of short-term employee benefits and timing of recognition for termination benefits do not have any impact to the Company's financial position and financial performance.

- PAS 27, *Separate Financial Statements* (as revised in 2011)
  As a consequence of the issuance of the new PFRS 10, *Consolidated Financial Statements*, and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements.

- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011)
  As a consequence of the issuance of the new PFRS 11, *Joint Arrangements*, and PFRS 12, *Disclosure of Interests in Other Entities*, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates.

- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*
  This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. This new interpretation is not relevant to the Company.

- PFRS 1, *First-time Adoption of International Financial Reporting Standards - Government Loans* (Amendments)
  The amendments to PFRS 1 require first-time adopters to apply the requirements of PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, prospectively to government loans existing at the date of transition to PFRS. However, entities may choose to apply the requirements of PAS 39, *Financial Instruments: Recognition and Measurement*, and PAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for those loans. These amendments are not relevant to the Company.

<u>Annual Improvements to PFRSs (2009-2011 cycle)</u>
The *Annual Improvements to PFRS* (2009-2011 cycle) contain non-urgent but necessary amendments to PFRSs. These amendments to the following standards, which the Company adopted, have no impact to the financial statements:
- PFRS 1, *First-time Adoption of PFRS - Borrowing Costs;*
- PAS 1, *Presentation of Financial Statements - Clarification of the Requirements for Comparative Information;*
- PAS 16, *Property, Plant and Equipment - Classification of Servicing Equipment;*
- PAS 32, *Financial Instruments: Presentation - Tax Effects of Distributions to Holders of Equity Instruments;* and
- PAS 34, *Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities.*

Future Changes in Accounting Policies
Standards issued but not yet effective up to the date of the issuance of the financial statements are listed below. Unless otherwise stated, the adoption of the applicable standards will not have an impact on the financial statements. The Company intends to adopt the applicable standards and interpretations when they become effective.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Company's financial position or performance.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. The amendments affect disclosures only and have no impact on the Company's financial position or performance.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

- PFRS 10, PFRS 12 and PAS 27, *Investment Entities* (Amendments)
  These amendments are effective for annual periods beginning on or after January 1, 2014. They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

- PFRS 9, *Financial Instruments*
  PFRS 9, as issued, reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other

comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will not have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. The standard has no impact on the Company's financial position and performance.

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle), which are expected to have no impact to the financial statements of the Company, contain non-urgent but necessary amendments to the following standards:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition;*
- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination;*
- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets;*
- PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables;*
- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation;*
- PAS 24, *Related Party Disclosures - Key Management Personnel;*
- PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization.*

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle), which are expected to have no impact to the financial statements of the Company, contain non-urgent but necessary amendments to the following standards:

- PFRS 1, *First-time Adoption of PFRS - Meaning of 'Effective PFRSs';*
- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements;*
- PFRS 13, *Fair Value Measurement - Portfolio Exception;*

- PAS 40, *Investment Property*.

3. Summary of Significant Accounting and Financial Reporting Policies

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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Cash and Cash Equivalents

Cash includes cash on hand and cash in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and are subject to an insignificant change in value.

Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and financial liabilities, except for financial instruments measured at fair value through profit or loss (FVPL). Fair value is determined by reference to the transaction price or other market prices. If such market prices are not readily determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for similar instruments with similar maturities.

The Company recognizes a financial asset or a financial liability in the balance sheet when it becomes a party to the contractual provisions of the instrument.

All regular way purchases and sales of financial assets are recognized on the trade date, i.e., the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets are classified into the following categories:
a. Financial assets at FVPL
b. Loans and receivables
c. Held-to-maturity (HTM) investments
d. Available-for-sale (AFS) financial assets

Financial liabilities, on the other hand, are classified into the following categories:
a. Financial liabilities at FVPL
b. Other financial liabilities

As of December 31, 2013 and 2012, the Company has no financial assets or financial liabilities at FVPL, HTM investments and AFS financial assets.

The Company determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this classification at every balance sheet date.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are carried at cost or amortized cost in the balance sheet.

Amortization is determined using the effective interest rate method. Loans and receivables are included in current assets if maturity is within 12 months from the balance sheet date. Otherwise, these are classified as noncurrent assets.

Included in this category are the Company's cash and cash equivalents and receivables as of December 31, 2013 and 2012 (see Note 17).

Other financial liabilities
This category pertains to financial liabilities that are not held for trading or not designated at FVPL upon the inception of the liability. These include liabilities arising from operations (e.g., payables and accruals) or borrowings (e.g., loans and obligations arising from finance lease). The liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium (or discount) and any directly attributable transaction costs.

Included in this category are the Company's accounts payable and other current liabilities as of December 31, 2013 and 2012 (see Note 17).

Determination of Fair Value
The fair value of financial instruments traded in active markets at the balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models.

Derecognition of Financial Assets and Financial Liabilities

Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

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

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Day 1 Difference
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss

unless it qualifies for recognition as some other type of asset. In cases where data used is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the balance sheet.

Impairment of Financial Assets
The Company assesses at each balance sheet date whether a financial asset or Company of financial assets is impaired.

Assets carried at amortized cost
The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Objective evidence includes observable data that comes to the attention of the Company about loss events such as, but not limited to, significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, probability that the borrower will enter bankruptcy or other financial reorganization. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in the Company of financial assets with similar credit risk characteristics and that Company of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in the collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment losses account. If a future write-off is later recovered, the recovery is recognized in profit or loss. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at reversal date.

Input value added tax (VAT)
Input VAT is recognized when the Company purchases goods or services from a VAT-registered supplier or vendor. This account is offset against any output VAT previously recognized.

Property and Equipment
Property and equipment, except land, is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment in value. Land is stated at cost less impairment in value.

The initial cost of an asset comprise its purchase price, any related capitalizable borrowing costs and other directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation commences when an asset is in its location and condition capable of being operated in the manner intended by management and ceases at the earlier of the date the assets are held for sale and the date the assets are derecognized. Depreciation of building improvements is computed on a straight-line basis over the estimated useful life of 3 years.

The assets' estimated residual values, estimated useful lives and depreciation method are reviewed periodically to ensure that the residual values, periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of property and equipment.

When assets are sold or retired, their costs and accumulated depreciation, and any accumulated impairment in value are eliminated from the accounts. Any gain or loss resulting from their disposal is included in profit or loss.

Construction in progress is stated at cost. This includes cost of construction, borrowing costs incurred during the development or construction phase and other direct costs. Borrowing costs are capitalized until the property is completed and becomes operational. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use. The capitalized interest is amortized over the estimated useful life of the related assets.

Impairment of Nonfinancial Assets
The Company assesses at each balance sheet date whether there is an indication that its property and equipment may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying value of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Deposit for Future Stock Subscription

Deposit for future stock subscription represents amounts received that will be applied as payment in exchange for a fixed number of the Company's own equity instruments, and presented in the equity section of the balance sheet. These are measured at cost and are reclassified to capital stock upon issuance of shares.

In accordance with Financial Reporting Bulletin No. 6 issued by the SEC, the following elements should be present as of the balance sheet date in order for the Deposits for Future Stock Subscriptions (DFS) to qualify as equity:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- There is a BOD approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- There is stockholders' approval of said proposed increase; and
- The application for the approval of the proposed increase has been filed with the Commission.

If any or all of the foregoing elements are not present, the transaction should be recognized as liability.

Capital Stock

Capital stock represents the portion of the paid in capital representing the total par value of the shares issued. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Additional Paid-in Capital

Additional paid-in capital pertains to the amount paid in excess of the par value of the shares either subscribed, issued, or both.

Deficit

Deficit represents the cumulative balance of net income or loss, dividend distributions, prior period adjustments and effects of changes in accounting policy.

Basic/Diluted Earnings (Losses) Per Share

Basic earnings per share (EPS) is computed by dividing net income attributable to equity holders of the Company for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company currently does not have potential dilutive common shares.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognized:

Interest income
Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

Dividend income
Revenue is recognized when the Company's right to receive the payment is established.

Expenses
Expenses are recognized in profit or loss at the date they are incurred.

Other Comprehensive Income
Items of income and expense (including items previously presented under the statement of changes in equity) that are not recognized in profit or loss for the year are recognized as other comprehensive income and are presented as other comprehensive income in the statement of comprehensive income.

Income Taxes

Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred tax
Deferred tax is recognized using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that sufficient future taxable income will allow the deferred income tax assets to be recovered.

Deferred tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the year when the assets are realized or the liabilities are settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to offset current income tax assets against current tax liabilities and the related deferred taxes relate to the same taxable entity and the same taxation authority.

Provisions and Contingencies
Provisions are recognized when: (1) the Company has a present obligation (legal or constructive) as a result of a past event; (2) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (3) a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. When the Company expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain and its amount is estimable.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

Segment Reporting
The Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Company has only one reportable segment and is presented in Note 16 to the financial statements.

Events After the Balance Sheet Date
Events after the balance sheet date that provide additional information about the Company's position at the balance sheet date (adjusting events), if any, are reflected in the financial statements. Events after the balance sheet date that are not adjusting events are disclosed in the notes to the financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, other comprehensive income (loss) and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments, estimates and assumptions 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.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the financial statements.

Determination of functional currency

The Company's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments

The Company classifies a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the balance sheet.

Recognition of deferred tax assets

The Company makes an estimate of its future taxable income and reviews the carrying amount of the deferred tax assets at each balance sheet date. The carrying amount is reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

As of December 31, 2013 and 2012, no deferred tax assets on the Company's unused NOLCO and excess MCIT were recognized as management believes that the Company may not have sufficient taxable income against which the excess MCIT and unused NOLCO may be applied (see Note 11).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years are discussed below.

Determination of fair value of financial instruments

Financial assets and financial liabilities, on initial recognition, are accounted for at fair value. The fair values of financial assets and financial liabilities on initial recognition are normally the transaction prices. In the case of those financial assets and financial liabilities that have no active markets, fair values are determined using an appropriate valuation technique. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique: (a) Level 1 - quoted prices in active markets for identical assets and liabilities; (b) Level 2 - inputs other than quoted prices included in *Level 1* that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and (c) Level 3 - inputs that are not based on observable market data or unobservable inputs.

Estimation of allowance for doubtful accounts

The allowance for doubtful accounts relating to receivables is estimated based on two methods. The amounts calculated using each of these methods are combined to determine the total allowance to be provided. First, specific accounts are evaluated based on information that certain customers may be unable to meet their financial obligations. In these cases, judgment is used based on the best available facts and circumstances, including but not limited to, the length of relationship with the customer and the customer's current credit status based on third party credit reports and known market factors, to record specific reserves against amounts due to reduce receivable amounts expected to be collected. These specific reserves are re-evaluated and adjusted as additional information received impacts the amounts estimated. Second, a collective assessment of historical collection, write-off, experience and customer payment terms is made. The amount and timing of recorded expenses for any period could therefore differ based on the judgments or estimates made. An increase in the Company's allowance for doubtful accounts will increase its recorded operating expenses and decrease its current assets.

The carrying value of receivables as of December 31, 2013 and 2012 are disclosed in Note 6 to the financial statements. No provision for doubtful accounts was recognized in 2013, 2012 and 2011.

Estimation of the useful life of property and equipment
The useful lives of each of the Company's property and equipment are estimated based on the period over which the assets are expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of each asset are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. It is possible, however, that future financial performance could be materially affected by changes in the amounts and timing of recorded expenses brought about by the changes in the factors mentioned above. A reduction in the estimated useful lives of any property and equipment would increase the recorded operating expenses and decrease noncurrent assets. There were no changes in the estimated useful life of the property and equipment in 2013 and 2012.

As of December 31, 2013 and 2012, the carrying value of property and equipment are disclosed in Note 8 to the financial statements.

Impairment of nonfinancial assets
The Company assesses at each balance sheet date whether there is any indication that property and equipment may be impaired. If such indication exists, the entity shall estimate the recoverable amount of the asset, which is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use.

No impairment loss was recognized in 2013, 2012 and 2011 for input VAT and property and equipment. Based on management's assessment, there are no indications of impairment on the Company's nonfinancial assets.

The carrying values of the property and equipment are disclosed in Note 8 to the financial statements.

Recoverability of input VAT
The Company assesses the recoverability of input VAT based on the estimated sale of services subject to VAT. Management has assessed that the recognized input VAT as of December 31, 2013 and 2012 are recoverable and are disclosed in Note 7 to the financial statements.

Provisions
The Company provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provision is based on known information at balance sheet date, net of any estimated amount that may be reimbursed to the Company. No provisions were recognized as of December 31, 2013, 2012 and 2011.

5. Cash and Cash Equivalents

This account consists of:

	2013	2012
Cash on hand	**₱50,000**	₱–
Cash in banks	**65,613,458**	8,892,026
Cash equivalents	**1,148,806,223**	–
	₱1,214,469,681	₱8,892,026

Cash in banks generally earn interest at the respective bank deposit rates. Cash equivalents are short-term deposits made for varying periods of up to three months and earn interest at the respective short-term deposit rates.

Interest income earned from bank deposits and time deposits aggregated to ₱10.6 million in 2013 and ₱0.1 million in 2012 and 2011 (see Note 10).

6. Advances and Other Receivables

This account consists of:

	2013	2012
Advances to an affiliate (see Note 12)	**₱113,784,393**	₱113,484,393
Advances to contractors and suppliers	**108,321,958**	–
Advances to employees	**200,000**	–
Interest receivable	**914,145**	–
	₱223,220,496	₱113,484,393

Interest receivable consists of accrued interest income from time deposit.

Advances to suppliers include payments made to suppliers for goods or services to be received in the future. Advances to contractors pertain to down payments and advances paid by the company for the development of a project in Manila (see Note 8).

7. Input VAT

This consists of:

	2013	2012
Current	**₱102,830,215**	₱74,130,395
Non-current:		
Construction in progress (Note 8)	**6,779,494**	–
Others	**143,481**	–
	6,922,975	–
	₱109,753,190	₱74,130,395

8. Property and Equipment

The rollforward analysis of this account consists of:

	2013			
	January 1	**Additions**	**Disposals**	**December 31**
Cost				
Land	**₱600,800,000**	**₱–**	**₱–**	**₱600,800,000**
Furnitures and fixtures	–	**14,866**	–	**14,866**
Computer software and hardware	–	**185,643**	–	**185,643**
Office equipment	–	**36,464**	–	**36,464**
Transportation equipment	–	**1,625,893**	–	**1,625,893**
	600,800,000	**1,862,866**	–	**602,662,866**
Accumulated depreciation				
Furnitures and fixtures	–	**1,987**	–	**1,987**
Computer software and hardware	–	**29,394**	–	**29,394**
Office equipment	–	**3,637**	–	**3,637**
Total	–	**35,018**	–	**35,018**
Net book value	**600,800,000**	**1,827,848**	–	**602,627,848**
Construction in progress	**9,876,786**	**229,391,416**	–	**239,268,202**
Total	**₱610,676,786**	**₱231,219,264**	**₱–**	**₱841,896,050**

	2012			
	January 1	Additions	Disposals	December 31
Cost				
Land	₱–	₱600,800,000	₱–	₱600,800,000
Buildings and improvements	319,322	–	319,322	–
	319,322	600,800,000	319,322	600,800,000
Accumulated depreciation				
Buildings and improvements	301,583	17,739	319,322	–
Net book value	17,739	600,782,261	–	600,800,000
Construction in progress	1,376,786	8,500,000	–	9,876,786
Total	₱1,394,525	₱609,282,261	₱–	₱610,676,786

Construction in progress pertains mainly to a development project in Manila (see Notes 6 and 9).

In 2012, land with an appraised value of ₱600,800,000 was received as consideration for the subscription of MJCI to the Company's common shares in accordance with the memorandum of agreement dated July 24, 2008 (see Note 15).

9. Accounts Payable and Other Current Liabilities

This account consists of:

	2013	2012
Accrued expenses	**₱61,825,353**	₱8,821,500
Retention payable	**12,660,676**	–
Accounts payable	**6,922,602**	–
Withholding taxes payable	**850,918**	19,125
Advances from an affiliate (Note 12)	**945,171**	17,310
Accrued employee benefit	**43,983**	–
Other liabilities	**84,053**	4,139,425
	₱83,332,756	₱12,997,130

Accrued expenses are normally settled within the next financial year. As of December 31, 2013, accrued expenses of the Company mainly pertain to unbilled construction cost incurred for the development a project in Manila (see Note 8).

Accounts payable are noninterest-bearing and are normally settled within 30 days.

Retention payable represents the portion of construction billings which will be paid upon satisfaction by the contractors of the conditions specified in the contracts or until defects have been corrected.

Deposit for future stock subscription

In accordance with the MOA dated July 24, 2008, MJCI, the parent company, subscribed to additional 600.8 million shares of the company in exchange for a piece of land with a fair value of ₱600,800,000 (see Notes 15 and 20). In addition, a group of investors deposited ₱75,100,000 for future stock subscription. In 2013, the Company issued 75.1 million common shares for these deposits (see Note 13).

10. Interest Income

Interest income related to:

	2013	2012	2011
Cash and cash equivalents (Note 5)	**₱10,617,012**	₱74,051	₱129,940
Due from related parties (Note 12)	**300,000**	175,000	25,000
	₱10,917,012	₱249,051	₱154,940

11. Income Taxes

a. The provision for (benefit from) for income tax consists of the following:

	2013	2012	2011
Current:			
Final	₱2,123,377	₱12,342	₱25,988
MCIT	6,000	3,500	43,353
	2,129,377	15,842	69,341
Deferred	–	–	(202,524)
	₱2,129,377	₱15,842	(₱133,183)

b. There were no deferred tax liabilities as of December 31, 2013 and 2012.

c. No deferred tax assets were recognized on the following carryforward benefits of unused NOLCO and excess MCIT as of December 31, 2013 and 2012, as management believes that the Company may not have sufficient taxable income against which the excess MCIT and unused NOLCO may be applied:

	2013	2012
NOLCO	₱81,905,184	₱43,776,277
Excess of MCIT over RCIT	52,853	75,893

As of December 31, 2013, the details of NOLCO and excess of MCIT over RCIT are as follows:

Year Incurred	Year of Expiration	NOLCO	MCIT
2011	2014	₱1,989,528	₱43,353
2012	2015	39,774,256	3,500
2013	2016	40,141,400	6,000
		₱81,905,184	₱52,853

NOLCO and MCIT incurred in 2010 amounting to ₱2,012,493 and ₱29,040, respectively, expired in 2013.

d. The reconciliation of the Company's provision for (benefit from) income tax at the statutory tax rates to the provision for income tax shown in the statements of comprehensive income is as follows:

	2013	2012	2011
Income tax at statutory rates	(₱8,936,337)	(₱3,024,816)	₱97,444
Additions to (reductions in) income tax resulting from tax effects of:			
Movements in unrecognized deferred income tax assets	11,415,632	11,948,118	640,211
Interest income subjected to final tax	(1,061,726)	(22,215)	(12,994)
Expired NOLCO and MCIT	632,788	–	–
Nondeductible expenses and others	79,020	13,996	82,381
Changes in fair value of held for trading securities subject to final tax	–	(8,278,362)	(910,775)
Nontaxable dividend income	–	(620,879)	(29,450)
Provision for (benefit from) income tax	₱2,129,377	₱15,842	(₱133,183)

12. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

In the normal course of business, the Company has transactions and account balances with related parties as follows:

			2013		2012			
Entity	Relationship	Nature	Amount/ Volume	Outstanding Receivable (Payable) Balance	Amount/ Volume	Outstanding Receivable (Payable) Balance	Terms	Condition
Sierra Prime Properties Corporation (SPPC)	Affiliate	Cash advances[(a)]	₱–	₱5,000,000	₱5,000,000	₱5,000,000	1 year, 6% per annum, Interest bearing	Unsecured, unguaranteed
		Sale of assets and liabilities (see Note 15)	–	108,214,153	108,214,153	108,214,153	Non-interest bearing	Unsecured, unguaranteed
		Interest on Cash Advances[(a)]	300,000	475,000	175,000	175,000	Non-interest bearing	Unsecured, unguaranteed
		Dividends on held for trading investments (see Notes 9 and 15)	–	–	4,139,195	(4,139,195)	Non-interest bearing	Unsecured, unguaranteed
		Other advances	–	95,240	95,240	95,240	Non-interest bearing	Unsecured, unguaranteed
Manila Jockey Club, Inc (MJCI)	Stockholder	Cash advances (see Note 9)	927,861	(945,171)	17,310	(17,310)	Non-interest bearing; due and demandable	Unsecured, unguaranteed
		Subscription of additional common shares (see Note 13)	–	–	600,800,000	–	Non-interest bearing	Unsecured, unguaranteed
		Collection of subscription receivable (see Note 13)	10,736,014	42,808,835	26,975,254	53,544,849	Non-interest bearing	Unsecured, unguaranteed
MJC Forex Corporation (MFC)	Affiliate	Dollar purchases	23,996,707	–	–	–	On demand; non-interest bearing	Unsecured, no impairment

a. In 2011, the Company extended an interest-bearing advances amounting to ₱5,000,000 to SPPC for a period of one year with interest rate of 6% per annum. Interest income recognized in 2013, 2012 and 2011 amounted to ₱300,000, ₱175,000 and ₱25,000 respectively (see Note 10). Noninterest-bearing receivable from SPPC and interest receivable amounting to ₱108,214,153 and ₱175,000, respectively, pertains to the transfer of a group of assets and liabilities as part of the MOA signed July 24, 2008 in 2012 (see Note 15).

Key Management Personnel
The Company has no standard arrangement with regard to the remuneration of its directors. In 2013, 2012 and 2011, the BOD received director's fees aggregating ₱843,500, ₱1,045,000 and ₱446,500, respectively. In 2013, administrative and finance functions as well as the operations of the Company are handled by its own staff.

13. Equity

The Company was listed with the PSE in November 11, 1955. As of December 31, 2013, the Company has an aggregate of 2,500,614,159 shares listed with the PSE and has a total shareholder of 452 on record.

Capital Stock
The capital stock as of December 31, 2013 and 2012 consist of:

	2013		2012	
	Number of shares	Amount	Number of shares	Amount
Common shares - ₱1 par value				
Authorized -5,000,000,000 shares in 2013 and 1,500,000,000 shares in 2012				
Issued and outstanding (held by 452 and 398 equity holder in 2013 and 2012)	**2,309,601,064**	**₱2,309,601,064**	106,360,137	₱106,360,137
Subscribed	**191,013,095**	**191,013,095**	131,542,841	131,542,841
Subscriptions receivable		**(105,548,554)**		(71,681,877)
		₱2,395,065,605		₱166,221,101

On January 23, 2009, MJCI executed a subscription agreement to subscribe to 107,360,137 shares out of the unissued portion of the authorized capital stock of the Company at the subscription price of ₱1 per share. In 2013, MJCI has paid ₱64,551,302 representing the initial and partial payments of 60.13% of the subscription price. As of December 31, 2013, the remaining balance of ₱42,808,835 is payable upon call of the BOD of the Company.

On January 16, 2013, the Company issued 600.8 million shares from its authorized capital stock by virtue of the MOA between the Company and MJCI signed on July 24, 2008.

On January 17, 2013, the Company received from a group of strategic investors the amount of ₱450,000,000 by subscription to 450,000,000 shares to be taken from the unsubscribed portion of the authorized capital stock at a subscription price of ₱1.00 per share. On July 20, 2013, the group of strategic investors subscribed additional 73,500,000 shares of stock to be taken from the increase in the authorized capital stock which was paid in full as of December 31, 2013.

On July 24, 2013, the Company received additional subscription for 73,898,168 shares of the stock option from shareholders in which 245,210 shares are fully paid up. The subscribed balance of shares has related subscription receivables amounting to ₱55,239,719.

On October 3, 2013, the group of strategic investor subscribed to additional 875 million shares at the subscription price of ₱1.00 per share that was paid in full. Additional subscription from non-related parties of 189,513,013 common shares at a subscription price of ₱1.00 per share was received and to be taken from the increase in the authorized capital stock which was also paid in full.

As of December 31, 2013, the subscription for 24,182,704 shares from shareholders in 2010 has a remaining subscription receivable amounting to ₱7,500,000.

Increase in Authorized Capital Stock
In the annual stockholders' meeting of the Company held on June 27, 2008, the stockholders approved and ratified the increase of the authorized capital stock of the Company from 400.0 million shares to 1.5 billion shares with par value of ₱1 per share. The increase in the authorized capital stock was approved by the SEC on August 15, 2012.

Further, during the annual stockholders' meeting of the Company held on June 25, 2012, the stockholders approved and ratified the increase of the authorized capital stock of the Company from 1.5 billion shares to 5.0 billion shares with par value of ₱1 per share. The increase in the authorized capital stock was approved by the SEC on September 23, 2013.

In 2013, the documentary stamp tax on the issuance of capital stock amounting to ₱8,309,555 was charged against "Retained Earnings" in the statement of changes in equity.

14. Basic/Diluted Earnings (Losses) Per Share

	2013	2012	2011
Net income (loss) for the year	**(₱31,917,168)**	(₱10,098,562)	₱457,998
Divided by weighted average number of outstanding common shares	**1,565,430,468**	237,902,978	237,902,978
Basic/diluted earnings (losses) per share	**(₱0.020)**	(₱0.042)	₱0.002

The Company has no potential dilutive common shares as of December 31, 2013, 2012 and 2011. Therefore, the basic and diluted earnings per share are the same as of those dates.

15. Property for Share Swap

On April 16, 2008, the BOD accepted the offer of MJCI for the Company to be the transferee of MJCI's non-core assets (real estate properties and gaming machinery and equipment) under a property for share exchange arrangement subject to certain conditions. On July 24, 2008, MJCI and the Company entered into a MOA that sets forth and discusses the following conditions:

i. in order that MJCI shall have immediate control of the Company, MJCI shall subscribe to 107,360,137 shares of stock out of the unsubscribed portion of the Company's authorized capital stock; and

ii. MJCI shall transfer, convey and assign the Sta. Cruz Property and the gaming machinery and equipment in exchange for shares of capital stock of the Company, exchange ratio shall be one share of the Company for every ₱1 zonal value of the Sta. Cruz property (Property for share exchange)
iii. subscription shall result in the acquisition by MJCI of at least 90% of the outstanding capital stock of the Company.

On February 5, 2009, the MOA was amended to reflect the use of the appraised value of the Sta. Cruz property instead of the zonal value in the property for share exchange.

The MOA was further amended to provide the transfer of the following assets and liabilities to be implemented as follows:

i. The Company shall cause the payment of its existing liabilities in the amount of ₱14.2 million;
ii. The Company shall cause the assignment of its marketable securities and receivables to the previous stockholders;
iii. The Company shall spin off its 5-hectare property in Tanza, Cavite to a new corporation (NEWCO) to be organized by the Company and assign the shares of the capital stock of NEWCO to the previous stockholders of the Company.

On January 23, 2009, in accordance with the MOA, MJCI executed a subscription agreement to subscribe out of the unissued portion of the authorized capital stock of the Company at the subscription price of ₱1 per share for 107,360,137 shares, equivalent to 50.23% ownership in the Company, making MJCI the majority stockholder. As of December 31, 2013, MJCI has paid ₱64,551,302 representing 60.13% of the total subscription price. The remaining balance of ₱42,808,835 is payable upon the call of the BOD of the Company (see Note 13).

On December 6, 2010, the NEWCO was incorporated as SPPC.

On July 23, 2012, the Board approved the implementation of the transfer of the assets to SPPC.

On August 6, 2012, the Company transferred to SPPC the assets and liabilities enumerated below for a total consideration of ₱108,389,153, by virtue of the MOA dated July 24, 2008.

	Agreed Amounts
Assets	
Held for trading investments	₱63,640,124
Investment property	37,679,140
Receivables	25,266,055
Input VAT	58,675
	126,643,994
Liabilities	
Accounts payable	5,195,242
Due from related parties	13,059,599
	18,254,841
Total	**₱108,389,153**

In addition, the Company received dividends on held for trading investments amounting to ₱2,069,598 from MJCI on March 2012, which was recognized by the Company as "Dividend income" in the statements of comprehensive income. Further, in November 2012, the Company also received dividends pertaining to the transferred held for trading investments amounting to ₱2,069,597. The parties have agreed that the dividends on the held for trading investments aggregating ₱4,139,195 is for the account of SPPC, and should form part of the net assets transferred, thus resulting to a loss by the transfer of ₱2,069,598 presented as part of "Other expenses" in the statement of comprehensive income. The dividends on the held for trading investments was fully settled in January 2013.

On October 29, 2012, MJCI transferred 7,510 square meters of the Sta. Cruz property in exchange for 600.8 million common shares of the Company. The property transferred has a fair value of ₱600,800,000 or ₱80,000 per square meter. The transaction is considered as a tax-free exchange under BIR certification in accordance with National Internal Revenue Code Section 40 (c) (2).

In accordance with the BIR certification, the property for share exchange is not subject to income tax, capital gains tax, expanded withholding tax and donor's tax. The transaction, however, is subject to value added tax (VAT) and documentary stamp tax. The input VAT related to the land acquired amounted to ₱72,096,000 is presented as part of "Input VAT" classified as current assets in the balance sheets while the documentary stamp tax amounting to ₱3,004,000 was charged against "Additional paid-in capital" and "Retained earnings" amounting to ₱2,528,624 and ₱475,376, respectively, in the statements of changes in equity.

16. Operating Segment Information

The Company has only one operating segment which is to acquire by purchase, lease or otherwise, lands or interest in lands and realty, and to own, hold, improve or develop said land or real estate so acquired, and to build or cause to be built on any lands owned, held, occupied or acquired, buildings, facilities, and other structures with their appurtenances, for residential, commercial, mixed-use, leisure, gaming, amusement and entertainment purposes.

Management monitors the operating results of its operating segment for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income or loss and is measured consistently with the total comprehensive income in the financial statements.

The Company's asset-producing revenues are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

Segment Revenue and Expenses

The segment results for the years ended December 31 are as follows:

	2013	2012
Segment revenue	**₱10,917,012**	₱29,913,188
Costs and expenses	**40,704,803**	39,995,908
Loss before income tax	**(29,787,791)**	(10,082,720)
Provision for income tax	**2,129,377**	15,842
Net loss	**(₱31,917,168)**	(₱10,098,562)

Segment Assets and Liabilities and Other Information
The segment assets, liabilities and capital expenditures for the years ended December 31 are as follows:

	2013	2012
Assets	**₱2,390,239,507**	₱807,183,600
Liabilities	**83,338,756**	688,900,630
Capital expenditures	**2,306,900,751**	609,300,000
Interest income	**10,917,012**	249,051
Depreciation	**35,018**	17,739

17. Financial Instruments

The carrying values of cash and cash equivalents, receivables, accounts payable and other current liabilities and due to related parties approximates their fair values due to short-term nature of the transaction.

Fair Value Hierarchy
The Company measures the fair value of financial instruments carried at fair value using the following hierarchy:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There were no financial instruments measured at fair value as of December 31, 2013 and 2012. There were no transfers between hierarchy in 2013 and 2012.

18. Financial Risk Management Objectives and Policies

The Company's financial instruments comprise cash and cash equivalents, receivables, accounts payable and other liabilities and due to related parties. The main purpose of these financial instruments is to finance the Company's operations. The main risks arising from the use of these financial instruments include equity price risk, credit risk and liquidity risk. The Company's BOD reviews and approves the policies for managing these risks and these are summarized below.

Credit Risk
Credit risk arises because the counterparty may fail to discharge its contractual obligations. The Company transacts only with related parties and recognized and creditworthy third parties. Receivable balances are monitored on an ongoing basis. Further, management intensifies its collection efforts to collect from defaulting third parties.

The Company's policy is to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. There are no significant concentrations of credit risk in the Company.

With respect to credit risk arising from other financial assets of the Company, which comprise cash and cash equivalents and receivables, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these instruments.

The table below shows the maximum exposure to credit risk of the Company as of December 31:

	2013	2012
Loans and receivables:		
Cash and cash equivalents*	**₱1,214,419,681**	₱8,892,026
Advances and other receivables	**223,220,496**	113,484,393
	₱1,437,640,177	₱122,376,419

**Excluding cash on hand amounting to ₱50,000 in 2013 and nil in 2012.*

Where financial instruments are recorded at fair value, the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future. The credit quality of financial assets is managed by the Company using internal credit ratings. The tables below show the credit quality of financial assets based on the Company's credit rating system as of December 31:

	2013		
	Standard Grade	**Past Due but not Impaired**	**Total**
Loans and receivables:			
Cash and cash equivalents*	**₱1,214,419,681**	**₱–**	**₱1,214,419,681**
Advances and other receivables	**223,220,496**	**–**	**223,220,496**
	₱1,437,640,177	**₱–**	**₱1,437,640,177**

	2012		
	Standard Grade	Past Due but not Impaired	Total
Loans and receivables:			
Cash and cash equivalents*	₱8,892,026	₱–	₱8,892,026
Advances and other receivables	113,484,393	–	113,484,393
	₱122,376,419	₱–	₱122,376,419

**Excluding cash on hand amounting to ₱50,000 in 2013 and nil in 2012.*

The credit quality of the financial assets was determined as follows:

Cash and cash equivalents
These are considered standard grade based on the nature of the counterparty (e.g., highly reputable banks, among others). Cash in banks are limited to highly reputable banks duly authorized by the BOD.

Advances and others receivables
Standard grade receivables pertain to receivables from related parties, officers and employees and other counterparties, that have no history of significant default or delinquency in collections.

Liquidity Risk

Liquidity risk is defined as the risk that the Company would not be able to settle or meet its obligations on time or at a reasonable price. The Company's objective is to maintain a balance between continuity of funding and flexibility by regularly evaluating its projected and actual cash flows and through the use of bank loans and extension of suppliers' credit terms. The Company maximizes the net cash inflows from operations to finance its working capital requirements.

The tables below summarize the maturity profile of the Company's financial liabilities as of December 31, 2013 and 2012 based on contractual undiscounted payments (principal and interest).

	2013			
	Due and Demandable	**> 1 month**	**> 3 months but < 1 year**	**Total**
Accounts payable and other current liabilities*	**₱945,171**	**₱81,536,667**	**₱–**	**₱82,481,838**

**Amounts are exclusive of nonfinancial liabilities amounting to ₱850,918 and ₱19,125 as of December 31, 2013 and 2012, respectively.*

	2012			
	Due and Demandable	> 1 month	> 3 months but < 1 year	Total
Accounts payable and other current liabilities*	₱17,310	₱12,960,695	₱–	₱12,978,005

**Amounts are exclusive of nonfinancial liabilities amounting to ₱850,918 and ₱19,125 as of December 31, 2013 and 2012, respectively.*

The following tables show the profile of financial assets used by the Company to manage its liquidity risk:

	2013			
	Due and Demandable	**> 1 month**	**> 3 months but < 1 year**	**Total**
Loans and receivasbles:				
Cash and cash equivalents*	**₱1,214,419,681**	**₱–**	**₱–**	**₱1,214,419,681**
Advances and other receivables	**223,220,496**	–	–	**223,220,496**
Total	**₱1,437,640,177**	**₱–**	**₱–**	**₱1,437,640,177**

	2012			
	Due and Demandable	> 1 month	> 3 months but < 1 year	Total
Loans and receivables:				
Cash and cash equivalents*	₱8,892,026	₱–	₱–	₱8,892,026
Advances and other receivables	113,484,393	–	–	113,484,393
Total	₱122,376,419	₱–	₱–	₱122,376,419

**Excluding cash on hand amounting to ₱50,000 in 2013 and nil in 2012.*

19. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize stockholders' value.

The Company considers its total equity amounting to ₱2,306,900,751 and ₱118,292,970 as its capital as of December 31, 2013 and 2012, respectively.

The Company maintains a capital base to cover risks inherent in the business. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payments to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

20. Other Matters

On March 18, 2010, the Company was granted a Permit to Operate by PAGCOR for the establishment, maintenance and operation of a casino, PAGCOR San Lazaro, within the San Lazaro Tourism and Business Park in Sta. Cruz, Manila. The permit shall be for a period of ten years, to commence on the date of actual operation of PAGCOR San Lazaro.

As of December 31, 2013, the permit to operate is still pending with PAGCOR for reconfirmation.

21. Supplementary Information Required Under Revenue Regulations (RR) 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010 amending certain provisions of RR No. 21-2002, as amended and implementing Section 6 (H) of the Tax Code of 1997, which authorize the Commissioner of Internal Revenue to prescribe additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying the tax returns.

The following information reflects the taxes and licenses paid or accrued by the Company in 2013.

a. The Company has no sales/receipts in 2013 that are subject to VAT.

b. The following table shows the sources of input VAT claimed:

Balance at beginning of the year	₱74,130,395
Purchases of:	
Goods other than for resale	28,304,498
Services lodged under other accounts	496,803
Balance at end of the year	₱102,931,696

c. Other taxes and licenses

These include all other taxes, local and national, including real estate taxes, licenses and permit fees included under the 'Taxes and licenses' account under the 'Expenses' section in the Company's statement of comprehensive income. Details consist of the following:

Business permit	₱15,700
Land registration fee	9,000
Documentary stamp tax	5,839
Community tax certificate	620
Local government tax	179
Others	9,188
Total	₱40,526

Documentary stamp tax charged against Retained earnings in 2013:

Issuance of 1,064,513,013 shares	₱5,322,565
Issuance of 523,500,000 shares	2,617,500
Subscription of 73,898,168 shares	369,491
	₱8,309,556

d. Details of the Company's withholding taxes in 2013 are as follows:

Withholding taxes on compensation	₱5,441,345
Expanded withholding taxes	4,331,517
Total	₱9,772,862

e. Tax contingencies

i. The Company has no deficiency tax assessments as of December 31, 2013.

ii. The Company has no tax cases, litigation and/or prosecution in courts or bodies outside the BIR as of December 31, 2013.

SGV
Building a better working world

SyCip Gorres Velayo & Co
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
MJC Investments Corporation
12th Floor, Strata 100 Building
Emerald Avenue, Ortigas Center
Pasig City

We have audited in accordance with Philippine Standards on Auditing, the accompanying financial statements of MJC Investments Corporation as at December 31, 2013 and 2012 and for each of the three years in the period ended December 31, 2013 included in this Form 17-A and have issued our report thereon dated April 3, 2014. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule No. 68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Arnel F. De Jesus
Partner
CPA Certificate No. 43285
SEC Accreditation No. 0075-AR-3 (Group A),
February 14, 2013, valid until February 13, 2016
Tax Identification No. 152-884-385
BIR Accreditation No. 08-001998-15-2012,
June 19, 2012, valid until June 18, 2015
PTR No. 4225163, January 2, 2014, Makati City

April 3, 2014

MJC INVESTMENTS CORPORATION

Schedule A. Financial Assets

December 31, 2013

Financial Assets	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 End of Reporting Period	Income Received and Accrued
Loans and Receivables					
Cash and Cash Equivalents			1,214,469,681		
Receivables			223,220,495		
Total			₱1,437,690,176		

MJC INVESTMENTS CORPORATION

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2013

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Not Current	Balance at End of Period
			Amounts Collected	Amounts Written Off			
Sierra Prime Properties Corporation	₱ 113,484,393	₱ 300,000			₱ 113,784,393		₱ 113,784,393
	₱ 113,484,393	₱ 300,000			₱ 113,784,393		₱ 113,784,393

MJC INVESTMENTS CORPORATION

Schedule C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

December 31, 2013

Name of Debtor	Designation of debtor	Balance at the Beginning of the Period	Additions	Deductions			Current	Not Current	Balance at End of Period
				Amounts Collected	Amounts Written Off	Others			
Manila Jockey Club, Inc		₱ 53,544,849	-	₱ 10,736,014	-	-	-	₱ 42,808,835	₱ 42,808,835
TOTAL		₱ 53,544,849	-	₱ 10,736,014	-	-	-	₱ 42,808,835	₱ 42,808,835

ЛJC INVESTMENTS CORPORATION

chedule D. Intangible Assets - Other Assets

December 31, 2013

Description	Beginning Balance	Additions at Cost	Charged to Cost and Expenses	Charged to Other Accounts	Other Changes	Ending Balance
					Additions / (Deductions)	

Not Applicable

MJC INVESTMENTS CORPORATION

Schedule E. Long-term Debt
December 31, 2013

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						
			Amount - Long-Term	Interest Rate			No. of Periodic Installment	Amount of Periodic Installment	Maturity Date
				Low	High	Average			

Not Applicable

MJC INVESTMENTS CORPORATION

Schedule F. Indebtedness to Related Parties (Long-term Loans from Related Companies)
December 31, 2013

Name of Related Party	Balance at Beginning of Period	Balance at End of Period

Not Applicable

MJC INVESTMENTS CORPORATION

Schedule G. Guarantees of Securities of other Issuers

December 31, 2013

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 this Statement is Files	Nature of Guarantee

Not Applicable

MJC INVESTMENTS CORPORATION
Schedule H. Capital Stock
December 31, 2013

Title of issue	Number of shares authorized	Number of shares issued and outstanding and 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 Stock	5,000,000,000	2,500,614,159	-	-	14,302,725	2,486,311,434

MJC INVESTMENTS CORPORATION

Schedule I. Amounts Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2013

Name of Creditor	Designation of Creditor	Balance at the Beginning of the Period	Additions	Deductions		Current	Not Current	Balance at End of Period
				Amounts Paid	Others			
Manila Jockey Club, Inc.	Affiliate	₱ 17,310	₱ 927,861	-	-	₱ 945,171	-	₱ 945,171

MJC INVESTMENTS CORPORATION

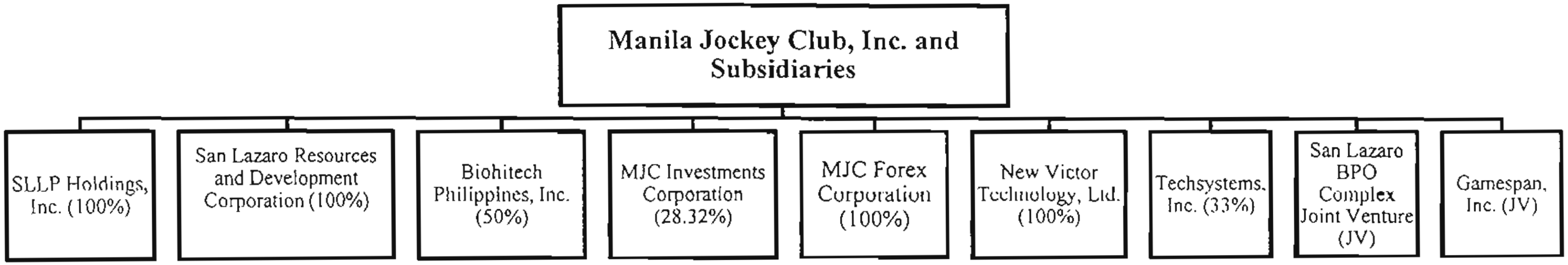
Schedule J. Parent Company Retained Earnings Available for Dividend Declaration
December 31, 2013

		Amount
Unappropriated parent company retained earnings, beginning		
Reconciliation:		
Add (Less):		
	Unrealized foreign exchange loss-net	
	Deferred tax assets	
	Mark-to-market gain on derivatives	
	Issuance of treasury shares	
Parent company net income actually earned/realized during the period		
Less:	Non-actual/unrealized income net of tax:	
	Unrealized actuarial gain	NOT APPLICABLE
	Mark -to-market gain on derivatives	
Parent company net income actually earned/realized during the period		
Add (Less):		
	Dividend declaration during the period	
	Appropriation of retained earnings	
	Issuance of treasury shares	
Unappropriated parent company retained earnings, as adjusted, ending		

ЛJC INVESTMENTS CORPORATION

chedule K. Map of Affiliates

December 31, 2013



MJC INVESTMENTS CORPORATION

SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS AS OF DECEMBER 31, 2013

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		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	Not early adopted		
	Amendments to PFRS 1: Borrowing Costs			✓
	Amendments to PFRS 1 Meaning of Effective PFRS			✓
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: Definition of Vesting Conditions			✓
PFRS 3 (Revised)	Business Combinations			✓
	Amendments to PFRS 3: Accounting for Contingent Consideration in a Business Combination	Not early adopted		
	Amendments to PFRS 3: Scope Exceptions for Joint Arrangements	Not early adopted		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets			
PFRS 9	Financial Instruments	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not early adopted		
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Investment Entities	Not early adopted		
PFRS 11	Joint Arrangements	Not early adopted		
	Amendments to PFRS 11: Investment Entities	Not early adopted		
PFRS 12	Disclosure of Interests in Other Entities			✓
PFRS 13	Fair Value Measurement (2013 Version)	✓		
	Amendments to PFRS 13: Short-term Receivables and Payables	✓		
	Amendments to PFRS 13: Portfolio Exception	Not early adopted		
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	Not early adopted		
	Amendments to PAS 1: Clarification of the Requirements for Comparative Presentation	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Classification of Servicing Equipment			✓
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation	Not early adopted		
PAS 17	Leases			✓
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits			✓
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendments to PAS 24: Key Management Personnel	Not early adopted		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	Not early adopted		
	Amendments to PAS 27: Investment Entities	Not early adopted		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	Not early adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendment to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
	Amendment to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	Not early adopted		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization	Not early adopted		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	Not early adopted		
PAS 40	Investment Property	✓		
	Amendment to PAS 40: Investment Property	Not early adopted		
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✓
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✓
IFRIC 8	*Scope of PFRS 2*			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	*Interim Financial Reporting and Impairment*			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	Not early adopted		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of December 31, 2013**		Adopted	Not Adopted	Not Applicable
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

	As of and of the Year Ended December 31	
	2013	2012
Liquidity ratios		
Current ratio[?]	18.50:1	0.29:1
Interest rate coverage ratio[?]	N/A	N/A
Solvency ratios		
Debt to equity ratio[?]	0.04:1	5.82:1
Asset to equity ratio[?]	1.04:1	6.82:1
Profitability ratio		
EBITDA margin	N/A	-36%

[?] *Current assets aver current liabilities*

[?] *EBITDA over interest expense and financing charges on barrowings*

[?] *Debts over total equity*

[?] *Total assets over total equity*