

COVER SHEET

6 0 3 1 2
S. E. C. Registration Number

I R C P R O P E R T I E S , I N C .

(Company's Full Name)

3 5 T H F L O O R R U F I N O
P A C I F I C T O W E R A Y A L A A V E

M A K A T I C I T Y

Mr. Delfin P. Angcao

817 6791

DEFINITIVE INFORMATION STATEMENT

FORM TYPE

1 2 3 1
Month Day
Fiscal Year

0 7
Month Day
Annual Meeting

Secondary License Type, If Applicable

C F D
Dept. Requiring this Doc

N/A
Amended Articles Number / Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LGU

Document ID

Cashier

STAMPS

IRC PROPERTIES, INC.

35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
Tel No. 750-2000 Fax No. 884-2913

June 19, 2014

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Dear Stockholder:

Please be notified that the annual meeting of the stockholders of IRC PROPERTIES, INC. will be held on July 29, 2014, Tuesday, at 3:00 p.m. at the 33rd Floor, Tower Club, Inc., Barossa & Tuscany Rooms, Philamlife Tower, 8767 Paseo De Roxas, Makati City, with the following agenda:

1. Call to order
2. Proof of notice and certification of quorum
3. Approval of minutes of the previous meeting of the stockholders
4. Management Report and 2013 audited financial statements for approval
5. Ratification of resolutions, contracts and acts of the Board of Directors and Management
6. Amendment of the Articles of Incorporation to reflect the specific address of the principal office of the Corporation
7. Election of directors
8. Appointment of external auditors
9. Other matters
10. Adjournment

For purposes of the meeting, the stockholders of record as of June 18, 2014 are entitled to notice and to vote during the said meeting.

Registration for the said meeting starts at 2:30 p.m. For convenience in registering your attendance, please have available some form of identification, such as, driver's license, voter's ID, TIN card, SSS card or passport.

WE ARE NOT ASKING YOU FOR A PROXY. However if you send us one, the Corporate Secretary must receive the same at the office of the Corporation at 35F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, not later than July 18, 2014. Corporate stockholders should attach to the proxy their respective Board Resolutions vis-à-vis the authority of their proxies. When signing as attorney-in-fact, executor, administrator, guardian or in any representative capacity, please give full title and file papers showing your authority. Validation of proxies shall be held on July 23, 2014 at 2:00 p.m. at the office of the Corporation's stock and transfer agent, Rizal Commercial Banking Corporation, at the RCBC Plaza, 6819 Ayala Avenue, Makati City.


DELFIN P. ANGCAO
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

- Preliminary Information Statement
 Definitive Information Statement

2. Name of Registrant as specified in its charter: **IRC PROPERTIES, INC.**

3. **PHILIPPINES**

Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **60312**

5. BIR Tax Identification Code **000-464-876-000**

6. **35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City**

Address of principal office

1223

Postal Code

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

8. **July 29, 2014 at 3:00 p.m. at the 33rd Floor, Tower Club, Inc., Barossa & Tuscany Rooms, Philamlife Tower, 8767 Paseo De Roxas, Makati City**

Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders **July 4, 2014**

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

Name of Person Filing the

Statement/Solicitor: _____

Address and Telephone No.: _____

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

Title of Each Class	Number of Shares of Common Stock Outstanding
Common	999,888,964

12. Are any or all of registrant's securities listed on a Stock Exchange?
Yes No

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

PHILIPPINE STOCK EXCHANGE - COMMON SHARES OF STOCK

PART I.
INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

The annual stockholders' meeting of IRC PROPERTIES, INC. (the "Registrant" or the "Company") shall be on July 29, 2014, Tuesday, 3:00 p.m., at the 33rd Floor, Tower Club, Inc., Barossa & Tuscany Rooms, Philamlife Tower, 8767 Paseo De Roxas, Makati City

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

The approximate date on which this Information Statement is first to be sent or given to stockholders is on July 4, 2014.

Item 2. Dissenters' Right of Appraisal

A stockholder has the right to dissent and demand payment of the fair value of his shares: (i) in case any amendment to the Company's Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences over the outstanding shares, or of extending or shortening the term of corporate existence; (ii) in case of any sale, lease, mortgage or disposition of all or substantially all of the corporate property or assets; (iii) in case of merger or consolidation; and (iv) in case of investment of corporate funds in another corporation or business or for any purpose other than the primary purpose.

If an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who voted against the proposed action and who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

There are no matters or proposed corporate actions at this year's annual stockholders' meeting of the Company which may give rise to a possible exercise by security shareholders of their appraisal rights under the provisions of the Corporation Code of the Philippines.

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

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

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

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) The Registrant has the following shares subscribed and outstanding as of June 18, 2014, the Record Date:

Common shares	-	999,888,964
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Of the said subscribed and outstanding shares, 48,285,872 shares or 4.83% are owned by foreigners, while 951,603,092 or 95.17% are owned by Philippine nationals.

- (b) Number of Votes entitled: Every stockholder entitled to vote as of the Record Date shall be entitled to one (1) vote per share of stock. Provided, however, that in the case of election of directors, every stockholder has the right to cumulate and cast his votes in accordance with Section 24 of the Corporation Code of the Philippines. Section 24 of the Corporation Code of the Philippines provides in part that a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.
- (c) The Record Date is on June 18, 2014. All stockholders of record as June 18, 2014 are entitled to notice and to vote at the Annual Stockholders' Meeting.

- (d) Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

Stockholders owning more than 5% of the Registrant's shares of stocks as of June 18, 2014:

Title of Class	Name And Address Of Record Owner And Relationship With Issuer	Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	PCD Nominee Corporation* G/F MSE Building 6767 Ayala Avenue, Makati City	ATC Securities, Inc.	Filipino	457,024,031	45.71
Common	T&M Holdings, Inc.** 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City	T&M Holdings, Inc.	Filipino	262,605,200	26.26
Common	Alexander G. Asuncion	Alexander G. Asuncion	Filipino	90,014,000	9.00
Common	PrimeEast Properties, Inc.***	PrimeEast Properties, Inc.	Filipino	69,815,500	6.98
TOTAL				927,004,731	92.71

* Out of the total shares held by PCD, 76,698,000 shares are in the name of ATC Securities, Inc., which is the only participant under the PCD that owns 5% or more of the Company's voting stock. Registrant is not yet aware of the identity of the proxy, if any, of ATC Securities, Inc., entitled to vote in the forthcoming annual stockholders' meeting. The same will be known only when it submits its proxy for this year's annual stockholders' meeting.

** It is believed that the person who will vote the shares of T&M Holdings, Inc. is its President, Mr. Esteban G. Peña Sy. Mr. Peña Sy is also the Chairman and CEO of the Registrant.

*** It is believed that the person who will vote the shares of PrimeEast Properties, Inc. is its Vice-Chairman, Mr. Alexander G. Asuncion. Mr. Asuncion is the President of the Registrant.

(2) Security Ownership of Management.

The following directors and officers are the direct/indirect owners of the Registrant's shares as indicated opposite their names as of June 18, 2014:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (All direct ownership unless otherwise indicated)	Citizenship	Percent of Ownership
Common	Esteban G. Peña Sy Director/Chairman of the Board and CEO	250- Direct; 692,000- Indirect	Filipino	0.07

Common	Alexander G. Asuncion President			90,014,000- Direct; 29,630,000- Indirect	Filipino	11.97
Common	Gil Miguel T. Puyat Director			11,000	Filipino	.0010
Common	Roberto V. San Jose Director			1,000	Filipino	.00010
Common	Eduardo Ma. R. Santos Director			1,150	Filipino	.00012
Common	Frisco F. San Juan Director			1,000	Filipino	.00010
Common	Ana Maria A. Katigbak-Lim Director			150	Filipino	.00002
Common	Wong Peng Chong Director			10,000	Malaysian	.0010
Common	Kong Muk Yin			10,000	Chinese	.0010
Common	Rodrigo B. Supeña Director			150	Filipino	.00002
Common	Antonio V. Syyap Director			1,000	Filipino	.00010
Common	Steven Gamboa Virata Director			150	Filipino	.00002
Common	Georgina A. Monsod Director/Treasurer			1,000	Filipino	.00010
Common	Delfin P. Angcao Corporate Secretary			150	Filipino	.00002
Common	Araceli C. Molina			350	Filipino	.00004
Total				120,373,350		12.04

(3) Voting Trust Holders of 5% or more

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

(4) Changes in Control

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

Item 5. Directors and Executive Officers

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

Esteban G. Peña Sy, Chairman of the Board and CEO. Mr. Pena Sy, 66, Filipino, graduated from the University of the Philippines in 1968 with a degree of A.B. Economics and completed the Program for Management Development at Harvard Business School in 1982. For the last five years, his business experience includes being a Director and President of Mabuhay Holdings Corporation, an investment holding company listed at the PSE, and a Director and President of Philippine Plaza Holdings, Inc., owner of Sofitel Philippine Plaza. His previous work experience includes management positions in the Bank of the Philippine Islands and Ayala International. He was Managing Director of AI Financial Services, Ltd. and was accredited by the Hong Kong Securities & Futures Commission as an Investment Adviser. He was also the Managing Director of Pan Asian Management Ltd., a management and investment consultancy firm based in Hong Kong, and Pan Asian Oasis Telecom Ltd. that operated joint venture factories engaged in the manufacturing of communication and fiber optic cables in China. In his earlier career, he served as a Lecturer at the University of the Philippines, Assistant Secretary General and Executive Director of the Federation of Filipino-Chinese Chambers of Commerce and Industry.

Alexander G. Asuncion, Director and President. Mr. Asuncion, 73, Filipino, finished his bachelor's degree in Business Administration. His business experience for the last five years includes holding the following current positions: Vice Chairman, PrimeEast Properties, Inc.; President, Eastridge Golf Club, Inc.; Chairman and President, Marilaque Land, Inc.; Vice Chairman, Dell Equipment & Construction Corporation; President, L & A Management Corporation. He is also a Partner at Eastbay Property & Development, Inc. National Real Estate Association, Inc. (Co-founder & Consultant), Jaycees Club (San Juan), Philippine Chess Federation, Philippine Horticulture Society are some of the organizations he is affiliated with/a member of.

Gil Miguel T. Puyat, Director. Mr. Puyat, 51, Filipino, earned his Marketing Strategy Course, Asian Institute of Management, M.A Economics (candidate), University of San Francisco, BS Agriculture Economics, University of Wisconsin. He has been a Director of the Company since March 12, 2008. His business experience for the last five years includes the present business affiliations, namely: Chairman and President, TFS Credit Corporation, Chairman and President, Tambunting Puyat Pawnshop, Inc., Director and President, Dell Properties, Inc., Director and Vice President, Loyola Group Marketing and Management Corporation, Director, Loyola Memorial Chapel, Inc., Director, Loyola Cemetery Services, Inc., Director, Philippine Pawnshop & Jewelry, Inc., Director, Omega Finance, Inc. Director and Treasurer, Militan Management Corporation. Some of his civic affiliations are as follows: District Secretary, Rotary International - District 3830; Member, Alumni Association of Asian Institute of Management; Board of Trustees, Rotary Club of Makati; and Board of Advisers, Development Center for the Handicapped Foundation, Inc.

Roberto V. San Jose, Director. Mr. San Jose, 71, Filipino, received his Bachelor of Arts degree from De La Salle University and his Law degree from the University of the Philippines. He is a member of the Philippine Bar and a Special Counsel in the Castillo Laman Tan Pantaleon & San Jose Law Offices. In addition to the above and serving as Director for the Company, his business experience for the last five years includes serving as Director, Officer and/or Corporate Secretary of Anglo Philippine Holdings Corporation, CP Equities Corporation, Atlas Resources

Management Group, MAA Consultants, Inc. and several other companies. He is also the Corporate Secretary of Premiere Horizon Alliance Corporation, Marcventures Holdings, Inc., Solid Group Inc., FMF Development Corporation, Beneficial Life Insurance Co., Inc., The Metropolitan Club, Inc., and other client corporations of the Castillo Laman Tan Pantaleon & San Jose Law Offices.

Frisco F. San Juan, Director. Mr. San Juan, 92, Filipino, finished his Bachelor of Science in Civil Engineering at the Mapua Institute of Technology in 1949. He was a graduate also of Infantry Course at Fort Benning, Georgia, USA, and he was conferred a doctorate degree (honoris causa) at the Rizal College of Agriculture and Technology. His business experience for the last five years includes serving as director of the company and being a businessman by profession. He held various positions such as Chairman of the Board of Trustees, Ramon Magsaysay Award in 1977, Executive Director, Rizal Economic Development Commission, Chairman, Presidential Complaints and Action Committee, Office of the President (Magsaysay in Malacanang). He was appointed Director of Board of Liquidators under President Ramon Magsaysay in 1954 and 1957.

In politics, he was elected Representative in Congress for the Second District of Rizal Province in 1965, and re-elected in 1969. In 1977, Martial Law was declared and Congress was dissolved. In 1978, a Parliamentary Form of government was installed, and Mr. San Juan was elected Assemblyman for Rizal Province. In 2001, he has chosen by Nationalist People's Coalition (NPC) to be its President, a position he held until retirement in July 23, 2013.

Kong Muk Yin, Director, 48, Chinese, is a graduate of the City University of Hongkong with a bachelor's degree in Business Studies. His business experience for the last five years includes the following: being a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a Chartered Financial Analyst. He has extensive experience in corporate finance, financial management, accounting and auditing. He is currently an Executive Director of COL Capital Limited and APAC Resources Ltd. He is currently a Non-Executive Director of China Vision Media Group Ltd.. He is also a Director of Mabuhay Holdings Corporation.

Steven Cesar G. Virata, Director. Mr. Virata, 56, Filipino, graduated from the University of the Philippines with a B.S. Architecture degree. He has more than 12 years of experience in the aviation industry, marketing, architecture, graphic design and production, theater industry and farm management. His business experience for the last five years includes being currently a Director of C. Virata and Associates, Mabuhay Holdings Corp., ATAR-IV, Inc., Chilco Holdings, Inc. and V.L. Araneta Properties, Inc.

Rodrigo B. Supeña, Independent Director. Mr. Supena, 74, Filipino, was elected as Independent Director of IRC Properties, Inc. on March 31, 2009. Mr. Supeña, a seasoned banker who previously held various key positions in Land Bank of the Philippines and Bank of the Philippine Islands. His business experience for the last five years includes holding key positions in LBP Leasing Corporation, and being currently the Chairman of the Board of Directors of Country Builders Bank, Taguig City. He earned his Masters in Business Administration from Ateneo Graduate School of Business.

Wong Peng Chong, Director. Dato' Wong, aged 70, a Malaysian, was elected as Director of IRC Properties Inc. (formerly known as Interport Resources Corporation) on Nov. 6, 2009. Upon his graduation from the University of Malaya in 1967, he joined the Malaysian Foreign Service and had served with several Malaysian diplomatic missions overseas in various capacities. Dato' Wong joined the private sector in 1985 and has served in various senior management positions, including, executive directorships in public listed companies in Hong Kong, Malaysia and the Philippines. Dato' Wong was a director and Chairman of Mulpha International Bhd. and director and Chairman of Mulpha Land Bhd. (formerly known as Mega Pascal Bhd.) from June 1997 to March 2002. His business experience for the last five year includes currently serving as an executive director of COL Capital Limited, director of Mabuhay Holdings Corporation, an executive director of ChinaVision Media Group Limited from July 2007 to December 2009 and Greenfield Chemical Holdings Limited from October 2009 to January 2010.

Antonio V. Syypap, Independent Director. Mr. Tony Syypap, 76, Filipino, is a senior marketing executive with in-depth experience in real estate development and marketing with multiple ASPAC (9) Countries exposure in field of distribution and Product Development, Manufacturing, and Retailing (Specialty -Business Development). He graduated at De La Salle University with a degree in Bachelor of Science in Commerce - Major in Accounting. Also with a Master's degree of Administration in Retailing from New York University, USA. His business experience for the last five years includes being presently the Chairman of Forest Lake Development Inc. and a Director of Landco Pacific Corporation. He is also a Director of the Mabuhay Satellite Corporation and the President / Managing Director of Today Realty.

Georgina A. Monsod, SVP/Treasurer and Compliance Officer. Ms. Monsod, 59, Filipino. Her business experience for the last five years includes being the Treasurer and Compliance Officer of the Company since March 12, 2008. She has been involved with real estate development and financing for the past 17 years starting her career with Don Tim Development Corporation and moving to PrimeEast Properties Inc. Prior to this, she worked for the government sector from 1978 to 1994 in the field of tourism development. She holds a Postgraduate Course in Tourism and Hotel Management by the International School of Tourism Sciences in Rome, Italy. She was also a faculty member of the University of the Philippines (Diliman). She recently passed the licensure examination for Real Estate Brokers and is now a licensed Real Estate Broker.

Araceli C. Molina, VP/Assistant Treasurer/CFO and Compliance Officer. Ms. Molina, 57, Filipino. Her business experience includes being the Assistant Treasurer and Compliance Officer since March 12, 2008. An MBA graduate, a Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants, she has been for several years connected with listed companies such as Vulcan Industrial and Mining Corporation and A Brown Company, Inc. Her past affiliations covered dealings with banks and other financial institutions, the Philippine Stock Exchange, Inc., and government agencies such as the Department of Energy, Securities and Exchange Commission and Bureau of Internal Revenue. She recently passed the licensure examination for Real Estate Brokers and is now a licensed Real Estate Broker.

Delfin P. Angcao, Corporate Secretary and Corporate Information Officer. Mr. Angcao, 56, Filipino, has been the Corporate Secretary and Corporate Information Officer since March, 2008. He is a partner at the Castillo Laman Tan Pantaleon & San Jose Law Offices (CLTPSJ) since the year 2000. He was a Junior Associate with CLTPSJ from 1995 to 1997. He climbed up to being a Senior Associate from 1997 to 2000. He was an Associate at the San Jose, Enriquez, Lacas, Santos, Borje & Vendero from 1992 to 1995. His business experience for the last five years includes being Director and/or Corporate Secretary of various client corporations of CLTPSJ including Mabuhay Holdings Corporation and The Manila Southwoods Golf & Country Club, Inc.. He is a member of the Integrated Bar of the Philippines and the Philippine Institute of Certified Public Accountants.

All the directors and executive officers named above were elected to their positions for a term of one year and to serve as such until their successors are elected and qualified. No director or executive officer has resigned or declined for re-election since the date of the last annual meeting of security holders because of a disagreement with the Registrant on any matter relating to the Registrant's operations, policies or practices. All of them are expected to be nominated for re-election during this year's annual stockholders' meeting and the organizational board meeting that will follow after said annual stockholders' meeting.

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

(b) Independent Directors/Nomination Committee

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

- | | | |
|--------------------------|---|------------------------------|
| 1. Wong Peng Chong | - | Chairman |
| 2. Antonio V. Syypap | - | Member, Independent director |
| 3. Rodrigo B. Supeña | - | Member, Independent director |
| 4. Alexander G. Asuncion | - | Member |
| 5. Esteban G. Peña Sy | - | Member |
| 6. Roberto V. San Jose | - | Member |
| 7. Georgina A. Monsod | - | Non-voting member |

Under the Company's Manual of Corporate Governance, the members of the Nomination Committee shall consist of at least two directors, one of whom is an independent director, and one non-director who is an officer of the Company. The Nomination Committee was tasked to accept and to pre-screen nominees for election as independent directors conformably with the criteria prescribed in SRC Rule 38 and the Company's Code of Corporate Governance, and to prepare and to make available to the SEC and the stockholders before the stockholders' meeting a Final List of Candidates as required in the said SEC Memo Circular.

In compliance with SRC Rule 38, hereunder is the Final List of Candidates for Independent Directors of the Registrant for the term 2014-2015 based on nominations received and pre-screened by the Nomination Committee:

Name of Candidate	Nominated By
Mr. Rodrigo B. Supeña	Mr. Esteban G. Peña Sy
Mr. Antonio V. Syap	Mr. Esteban G. Peña Sy

Mr. Peña Sy, presently a stockholder and the incumbent Chairman and CEO of the Registrant, is not related to any of his above-mentioned nominees.

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

To comply with the Notice of the Securities and Exchange Commission (SEC) dated October 20, 2006, the independent directors shall be requested to submit to the SEC within thirty (30) days from their elections their respective Certificates of Qualification as independent director in the form prescribed by the SEC. The term limits of the independent directors shall be in accordance with SEC Memorandum Circular No. 9, Series of 2011, which became effective beginning January 2, 2012.

At their organizational meeting to be held immediately after this year's annual stockholders' meeting, it will be proposed to the Board of Directors to take up and approve the amendment of the Company's By-Laws to insert a new provision therein relating to the procedure on nomination and election of independent directors as required under SRC Rule 38 of the Implementing Rules and Regulations of the Securities Regulations Code. The said amendment shall then be presented for approval by the stockholders at the next stockholders' meeting after which the amended By-Laws shall immediately be filed with the Securities and Exchange Commission for its approval.

(c) Significant Employees

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

(d) Family Relationships.

Mr. Alexander G. Asuncion, Director and President, and Ms. Georgina A. Monsod, Treasurer, are first cousins. Other than the foregoing, no director or officer is related to the extent of the fourth civil degree either by consanguinity or affinity.

(e) Involvement In Certain Legal Proceedings.

None of the directors and officers of the Company was involved, in the past five years up to the latest date, in any bankruptcy proceeding. Neither have they been during the same period convicted by final judgment in any criminal proceeding, nor been subject to any order, judgment or decree of competent jurisdiction, permanently enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court or administrative body to have violated a securities or commodities law that are material to their evaluation as to their fitness for their respective positions.

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

(f) Certain Relationship and Related Transactions

Relationships and Related Transactions

Under the 1994 PrimeEast MOA, the Company and PrimeEast agreed to jointly organize a realty company that shall identify and free from claimants not more than 500 hectares of lands in Binangonan, Rizal, registered in the name of the Company. The realty company shall be granted 30% ownership of all properties cleared by it. All lands acquired pursuant to such clearing operations shall be developed by PrimeEast at its own expense for which PrimeEast shall be entitled to 60% of the marketable lots. The remaining 40% shall belong to the owner, which may either be the Company or the realty company. Consequently, BLC was formed by PrimeEast representatives and the Company as their joint venture realty company and is owned by them in equal shares.

PrimeEast was able to clear about 65 hectares for which the Company became indebted to PrimeEast in the amount of P51,770,360.26 representing the Company's share in the clearing cost. This amount plus the other financial obligations to certain persons named in the 2002 PrimeEast MOA which were assigned to PrimeEast brought the Company's indebtedness to PrimeEast to P99,486,250.35. In full settlement of its indebtedness to PrimeEast, the Company assigned by way of a "dacion en pago" all its rights, interests and participation in BLC such that PrimeEast shall become the sole owner of BLC.

Under the 2008 PrimeEast MOA, PrimeEast and/or BLC transferred to the Company all their rights, interest and participation over 508,463 square meters of land for a total consideration of P177,961,700.

PrimeEast is a shareholder of the Company and as of Record Date is holding 69,815,500 shares of the Company. Mr. Alexander G. Asuncion, a director and Vice Chairman of the Company, is also

a director and the President of PrimeEast. Mr. Frisco F. San Juan, a director of the Company is the Chairman of the Board of PrimeEast.

In the normal course of business, the Company has transactions with its major stockholders and affiliates. These transactions principally consist of loans and non-interest bearing advances for operational purposes. As of December 31, 2013, the Company's notes payable to Mabuhay Holdings Corporation, a major stockholder, stood at P224,869,900. The notes payable are in the form of unsecured borrowing with no definite payment terms and bears interest at 12% to 18% per annum.

Mabuhay is a shareholder of the Company and is presently holding 38,160,643 shares of the Company. A 100%-owned subsidiary of Mabuhay, T & M Holdings, Inc., is also a shareholder of the Company and is presently holding 262,605,200 shares of the Company. Mr. Esteban G. Peña Sy, the Chairman and CEO of the Company, is also a director and the President of Mabuhay and of T & M Holdings, Inc. Ms. Araceli C. Molina, the Assistant Treasurer of the Company, is also the Treasurer of Mabuhay and of T & M Holdings, Inc.

The Company has engaged the services of DELL Equipment, a related party, for development and construction works for the first two phases of the development of approximately 60 hectares of real properties of the Company in Binangonan, Rizal. Upon satisfactory completion of the developmental works, DELL Equipment shall be given priority to develop succeeding phases of the development of an additional 290 hectares of real properties of the Company in Binangonan, Rizal. Messrs. Frisco V. San Juan, Gil Miguel T. Puyat, and Antonio Syyp, Chairman, Vice Chairman, President and Director, respectively, of DELL Equipment, are also directors of the Company. Mr. Alexander G. Asuncion, a stockholder of DELL Equipment, is a Director and the President of the Company.

Other than the foregoing transactions, there has been no material transaction during the last two years, nor is there any material transaction currently proposed, to which the Company was or is to be a party in which any of the incumbent directors and executive officers which the Company, or owners of more than 5% of the Company's voting stock, and executive officers or owners of more than 5% of the Company's voting stock, had or is to have a direct or indirect material interest.

Item 6. Compensation of Directors and Executive Officers

(a) Summary Compensation Table.

The annual compensation of the Company's executive officers for the last two (2) fiscal years and the estimate for the ensuing year 2014 are as follows:

Name	Position	Year	Salary	Bonus	Other Annual Compensation
Esteban G. Peña Sy	Chairman & CEO				
Alexander G. Asuncion	President, Director				
Georgina A. Monsod	SVP/Treasurer				
Araceli C. Molina	VP/Asst. Treasurer and CFO				
Aggregate compensation (all key officers and directors as a group)		2014 (estimated)	P4.0M	None	None
		2013	P4.0M	None	None
		2012	P5.4M	None	None
Note: Registrant has no other executive officers except those named above.					

Each director receives a per diem of P3, 000.00 for each board meeting attended.

(b) Compensation of Directors.

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

Directors and executive officers employed by the Registrant, receiving fixed monthly salary are as shown in the table in the immediately preceding section.

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

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

(d) Warrants and Options Outstanding.

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

Item 7. Independent Public Accountants

(a) Audit and Audit-Related Fees

The Registrant changed its external auditors from Sison Corillo Parone & Co. in 2007, to Isla, Lipana & Co. in 2008 due to the downgrading of the former to Classification B by the

SEC. Isla, Lipana & Co., with a new partner-in-charge, is expected to be recommended for re-appointment as external auditor during this year's annual stockholders' meeting.

There were no disagreements with the said Auditors with respect to accounting principles and practices, financial disclosures, or auditing scope or procedures. As in the previous years, representatives of the Registrant's auditors are expected to be present at this year's annual stockholders' meeting, available to respond to questions that may be asked by the stockholders. The said auditors will have the opportunity to make a statement if they desire to do so.

The external auditors charged the Company and its subsidiaries an aggregate amount of P525,000.00 and P431,004 for the years ending December 31, 2013 and 2012, respectively.

The Company is and will be in compliance with SRC Rule 68, Paragraph 3(b)(iv) which requires the rotation of external auditors or the handling partners of the auditing firm.

(b) Tax Fees

There were routine professional services rendered by the external auditors for tax accounting, compliance, advice, planning and any other form of tax services in each of the last two (2) calendar years ending December 31, 2013 and 2012. The fees for these services are included in the Audit and Audit-Related Fees mentioned above.

On April 4, 2011, the Company engaged the services of Isla Lipana & Co., Tax Division, relative to the classification of the land sold and the relevant tax implication on the sale of the Apo Island for a P300,000 fee (exclusive of VAT). Likewise, the company rendered its advice relative to the transfer of land to its joint venture project with Dreamhauz Management and Development Corporation for the amount of P75,000, exclusive of VAT.

Tax consultancy services are also secured from other entities.

(c) All Other Fees

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

(d) Company Policy on Appointment of Independent Auditor

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

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

Antonio V. Syypap	-	Chairman (Independent Director)
Rodrigo B. Supeña	-	Member (Independent Director)
Steven G. Virata	-	Member
Gil Miguel T. Puyat	-	Member
Kong Muk Yin	-	Member

D. OTHER MATTERS

Item 15. Action with Respect to Reports

- (a) Approval of the minutes of the 2013 annual stockholders' meeting
- (b) Approval of annual report of management and 2013 financial statements

Approval of the minutes of the 2013 annual stockholders' meeting will constitute a ratification of the accuracy and faithfulness of the record therein of the events that transpired during the said meeting. Among the matters taken up during the 2013 annual stockholders' meeting and reflected in the minutes thereof were the following: (a) approval of the 2012 management report and 2012 audited financial statements; (c) ratification of corporate acts; (d) increase of capital stock; (e) election of directors; and (f) appointment of external auditors. This will not constitute a second approval of the same matters that were already taken up and approved during the said meeting. Approval of the 2013 annual report of management and the 2013 audited financial statements will constitute a ratification of the Company's performance during the preceding years as contained or reflected in said annual report and financial statements.

Item 18. Other Proposed Actions

- (a) Ratification of resolutions, contracts and acts of the board of directors and management
- (b) Amendment of the Articles of Incorporation to reflect the specific address of the principal office of the Corporation
- (c) Election of directors
- (d) Appointment of external auditors

Resolutions, contracts and acts of the board of directors and management for ratification refer to those passed or undertaken by them during the year and for the day to day operations of the Company as contained or reflected in the annual report and financial statements. These included the election of officers and composition of corporate governance committees as previously disclosed to the Securities and Exchange Commission and the Philippine Stock Exchange.

The proposed amendment of the Corporation's Articles of Incorporation to reflect in Art. Third thereof the specific address of the principal office of the Corporation is for the purpose of complying with the requirements of the Securities and Exchange Commission per its Memorandum Circular No. 6 dated February 20, 2014.

Item 19. Voting Procedures

The vote required for acts requiring stockholders' approval is majority of stocks present in a quorum unless the law provides otherwise. In the election of directors, however, the eleven (11) nominees obtaining the highest number of votes in accordance with the provisions of the Corporation Code, shall be proclaimed the directors.

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

ACCOMPANYING THIS INFORMATION STATEMENT IS A COPY OF THE NOTICE OF THE ANNUAL STOCKHOLDERS' MEETING CONTAINING THE AGENDA THEREOF, AS WELL AS A COPY OF THE REGISTRANT'S MANAGEMENT REPORT AS REQUIRED UNDER SRC RULE 20 (4), AS AMENDED.

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

ALL REQUESTS MAY BE SENT TO THE FOLLOWING:

**IRC PROPERTIES, INC.
35/F Rufino Pacific Tower
6784 Ayala Avenue, Makati City
Attention: Ms. Araceli Canlas Molina**

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on June 19, 2014.

IRC PROPERTIES, INC.
Registrant

By:


DELFINO P. ANGCAO
Corporate Secretary

IRC PROPERTIES, INC.

**MANAGEMENT REPORT
Pursuant To SRC Rule 20 (4)**

For the 2014 Annual Stockholders' Meeting

A. AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2013 AND MARCH 31, 2014 INTERIM FINANCIAL STATEMENTS

Registrant's consolidated audited financial statements for the fiscal year ended December 31, 2013 and interim financial statements for the period ended March 31, 2014 are attached.

B. THERE WERE NO DISAGREEMENTS WITH THE ACCOUNTANTS

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

The Company is currently in the real estate development business after having shifted away from its oil exploration activities. Its concentration is in the development of its properties in Binangonan, Rizal. A joint venture agreement with Dreamhauz Management & Development Corporation to develop an estimated 15 hectares was arranged by the company on August 5, 2010. The company contributes 15 hectares of cleared lots to the Project while the developer undertakes all the necessary construction, including the application for permits. The developer acts as the principal agent for the sale of finished housing units. The company receives, as its share in the Project, an amount equivalent to 12% of the total units sold. This publicly- announced housing project is on-going for the first phase seven-hectare of the 15-hectare project entered by the company.

On July 25, 2012, the Company entered into a Joint Development Agreement with Dell Equipment to undertake another residential low cost subdivision into the 8.718 hectares contributed by the Company to the said project. The Company shall receive, as its share, an amount equivalent to 12% of the total fair market value of all the units in the project.

The clearing of the Company's Binangonan property is the focus of the Company's operations in order to completely free from third party claims the first 455 hectares of the 2,200-hectare property where the first phase of the Binangonan Master Plan consisting of the housing estate project will be situated. As of December 31, 2013, the Company has already cleared approximately 142.4 hectares of Binangonan property with 191 titles of "cleared properties" in its possession (2011 – 139.9 hectares).

On April 14, 2010, the Philippine Stock Exchange has approved the Parent Company's stock rights offering and has accumulated a total of P399 million to partially fund the development and construction of real estate development projects in its property in Binangonan, Rizal. The Company also repaid maturing loans from the proceeds.

The Company has received from warrant holders P199,913,992 for the exercise price of their bonus warrants and 198,280,746 corresponding underlying common shares have actually been issued as of March 31, 2014.

As at December 31, 2013, the Company is actively pursuing negotiations with a key real estate industry player to develop a huge portion of its Binangonan property, whether pursuant to a purchase or joint venture, into a mixed-use township project.

DISCUSSION OF THE REGISTRANT'S FINANCIAL CONDITION, CHANGES IN FINANCIAL CONDITION & RESULTS OF OPERATIONS FOR EACH OF THE LAST 3 FISCAL YEARS

The company has three ongoing real estate projects, two residential subdivisions namely 1) Sunshine Fiesta Subdivision, 2) Fiesta Casitas Subdivision, and one mid-rise condominium project, which is the Eastridge Residences.

Sunshine Fiesta Subdivision is a joint venture development project between the Company and Dreamhauz Management & Development Corporation, with the latter responsible for the land development and house construction. The first phase seven-hectare is still on-going with 869 number of house-and-lot units. From the total 869 units, 106 units are assigned to the company, representing its 12% share in the joint venture project. As of June 30, 2013, 689 units have already been sold with a total contract price of P462.4 million. Out of the 106 units assigned to the company, 47 have already been sold with a total contract price of P30.6 million.

Reservation on Fiesta Casitas units is on-going. The company is still determining the funding source of the Eastridge Residences mid-rise condominium project, either through bank loans or joint venture partners.

Results of Operations

December 31, 2013

On September 10, 2013, the Company entered into a Contract to Sell with Hundred Lake Development Corporation, whereby the company agreed to sell its land located in Binangonan, Rizal, with an area of 183,729 square meters at P475/m². The company received P75 million as down payment upon execution of the Contract to Sell and the balance of P12,271,275.00 is payable upon the transfer of the title of the property in the name of Hundred Lake.

Substantially, most of the warrant holders have exercised their shares of bonus warrants totaling to 147,291,992 and have been issued the corresponding underlying common shares of 147,291,992 during the year. Any bonus warrants which have not been exercised upon the expiry date on June 18, 2013 had already lapsed and ceased to be valid for any purpose whatsoever.

During the year, 23 assigned units from the joint venture with Dreamhauz Management and Development Corp. were sold with total revenue of P15, 938,700.

Appraisal of Binangonan properties conducted by an independent appraiser valued the property (undeveloped lots) at P1000/sqm as of December 17, 2013 (2012- P650/sqm).

The company issued a promissory note to T & M Holdings, Inc. amounting to 15,500,000 with interest at 15% per annum during the year. The proceeds were used to pay clearing costs.

As at December 31, 2013, Wedgemore Property, a subsidiary of Ayala Land Inc. is pursuing the acquisition of a portion of the 2000- hectare Binangonan lot of the company. The on-going negotiations for a possible seven-year project divided into three phases are expected to be completed in the next 6 months. The entry of Ayala Land Inc. is seen to jumpstart the development of a new mixed-use community south of Metro Manila. To date, a total of 142 hectares are ready for immediate development.

December 31, 2012

On July 25, 2012, the Company entered into another Joint Development Agreement with a developer to develop a residential subdivision in Binangonan, Rizal. The company contributes 8.7177 hectares to the Project while the developer shall likewise undertake all the necessary development. The company also receives 12% share of the aggregate fair value of all the units in the project.

The Company identified additional 30 hectares of land that can be recovered/ cleared and re-titled in the name of the Company.

December 31, 2011

In 2011, the Company entered into a joint development project with a third party developer to develop social housing units (the Project). Under the agreement, the Company shall contribute 15 hectares of cleared lots to the Project while the developer will undertake all the necessary construction, including the application for permits. The developer shall also act as the principal agent for the sale of finished housing units. The Company shall receive, as its share in the Project, an amount equivalent to 12% of the total units sold. Total share of the Company from sold units amounted to P16 million for the year ended December 31, 2011. Total cost of lots sold amounted to P8.86 million.

Financial Condition

December 31, 2013

The financial position of the Company as of December 31, 2013, shows total assets of P2, 777,621,138. Noncurrent assets were P1, 679,915,105. The noncurrent assets consist of investment properties, property and equipment (net of accumulated depreciation) and other assets. Current assets as of December 31, 2013 stood at P1, 097,706,033.

The total liabilities of the Company as of December 31, 2013 is P1,540,994,124 while current liabilities stood at P612,053,254. Noncurrent liabilities is P928, 940,870 which includes the P353, 999,970 deferred tax liability and 574,940,900 provision for clearing costs. Total stockholders' equity as of December 31, 2013 is P1, 236,627,013.

Material changes (2013 vs. 2012)

Cash was up by 405% or P2.9 million due to the proceeds from sale of assigned units in the Joint Venture Project, sale of raw land to Hundred Lake Development Corp., issuance of notes to major stockholder and exercise of warrants during the year.

Receivables grew by 81% or P7.2 million mainly due to the sale of raw land to Hundred Lake Development Corp.

Prepayments likewise increased by 28% or P3.1 million due to creditable withholding tax from sale of property to Hundred Lake Development Corp.

Land held for development also increased by 6% or P57.8 million mainly due to the reclassification of Eastridge properties from Investment properties and incidental costs incurred during the year.

Real Properties held for sale and development was higher by 270% or P0.68 million due to the increase of completed and unsold units as of the end of the year.

Investment property increased by 32% or P406.7 million mainly due to the recognition of fair value gain on investments and the capitalizing of borrowing costs.

Accounts payable and accrued expenses decreased by P21.6 million or 7% mainly due to the payment of accrued realty tax and accrued salaries of officers.

Provision for clearing costs, current portion dropped by P47.1 million or 90% due to partial payment on MOA 3 with Prime East Properties, Inc.

Notes Payable grew by P15.5 million or 6% due to the issuance of notes to T & M Holdings, Inc., a major stockholder of the company.

Provision for clearing costs, noncurrent is lower by P100 million or 15% due to the reclassification to current portion.

Deferred tax liability was up by 84% or P161 million due to provision for income tax deferred.

Share capital expanded by 17% or P147,291,992 due to the issuance of underlying common shares from the exercise of warrants by some warrant holders.

December 31, 2012

The financial position of the Company as of December 31, 2012, shows total assets of P2, 299,108,366. Noncurrent assets were P1, 273,312,362. The noncurrent assets consist of investment properties, property and equipment (net of accumulated depreciation) and other assets. Current assets as of December 31, 2012 stood at P1, 025,796,004.

The total liabilities of the Company as of December 31, 2012 is P1,532,764,301 while current liabilities stood at P665,102,555. Noncurrent liabilities is P867, 661,746 which includes the P192,720,846 deferred tax liability and 674,940,900 provision for clearing costs. Partial payments were settled during the year which was taken from the proceeds of the rights offering during the year. Total stockholders' equity as of December 31, 2012 is P766, 344,065.

Material changes (2012 vs. 2011)

Cash was down by 63% or P1.2 million due to partial payment of land clearing to PrimeEast Properties, Inc.

Receivables grew by 174% from P3, 282,321 to P8, 985,104 mainly due to the sales of assigned units in the joint venture with DMDC.

Prepayments slightly increased by 6% or P0.57 million due to prepaid taxes and input vat.

Land held for development was lower by 5% or P52.6 million mainly due to the reclassification to Investment properties.

Real Properties held for sale and development decreased by 68% or P0.55 million due to the sale of units held under the account.

Investment property increased by 35.7% or P334.5 million mainly due to the recognition of additional recoverable land area of 30 hectares, reclassification from Land held for development, recognition of fair value gain on investments and the capitalizing of borrowing costs.

Accounts payable and accrued expenses also increased by P28 million or 10% mainly due to the accrual of interest on loans and salaries of Officers for the year.

Provision for clearing costs, current portion dropped by P44.5 million or 46% due to partial payment on MOA 3 with Prime East Properties, Inc.

Provision for clearing costs, non current portion expanded by P105 million or 18% due to the recognition of additional recoverable land area of 30 hectares.

Deferred tax liability was up by 30% or P44 million due to provision for income tax deferred.

Share capital expanded by 7% or P52, 622,000 due to the issuance of underlying common shares from the exercise of warrants by some warrant holders.

December 31, 2011

The financial position of the Company as of December 31, 2011, shows total assets of P2,012,448,576. Noncurrent assets were P938,907,963. The noncurrent assets consist of investment properties, property and equipment (net of accumulated depreciation) and other assets. Current assets as of December 31, 2011 stand at P1,073,540,613.

The total liabilities of the Company as of December 31, 2011 is P1,382,578,144 while current liabilities stand at P669,265,614. Noncurrent liabilities is P713,312,530 which includes the P143,371,630 deferred tax liability and 569,940,900 provision for clearing costs. Partial payments were settled during the year which was taken from the proceeds of the rights offering during the year. Total stockholders' equity as of December 31, 2011 is P629,870,432.

Material changes (2011 vs. 2010)

Decrease in cash of P19 million or 91% due to partial payment of loan to Mabuhay Holdings Corp. and land clearing.

Decrease in receivables of P117 million or 97% mainly due to payment received from instalment sales of Apo Island.

Prepayments decreased by P2.7 million or 21% due to the settlement of VAT for 2010.

Land held for development increased by P354 million or 51% mainly due to reclassification from investment properties.

Decrease in investment property of P203 million or 18% mainly due to reclassification to land held for development offset by additional land clearing and fair value gain.

Accounts payable and accrued expenses decreased by P98 million or 25% mainly due to payment of accrued liability for land acquisition.

Increase in notes payable of P89.5 million or 52% due to the additional loan extended by Mabuhay Holdings Corporation offset by payment of loan from Prime East Properties, Inc.

Provision for clearing costs decreased by P63 million or 39% due to partial payment on MOA 3 with Prime East Properties, Inc.

Increase in deferred tax liability of P25 million or 21% due to provision for income tax deferred.

REGISTRANT'S FINANCIAL SOUNDNESS INDICATORS ARE AS FOLLOWS:

	March 31, 2014	Dec. 31, 2013*	Dec. 31, 2012*
Working Capital	471,095,952	485,652,779	360,693,449
Current Ratio	1.754	1.793	1.542
Quick Ratio	.058	.059	.039
Asset to Equity Ratio	2.260	2.246	3.000
Debt to Assets Ratio	.558	.555	.666
Debt to Equity Ratio	1.260	1.246	2.000
Gross Profit Margin	.466	.796	.969
Operating Profit Margin	-nil-	.767	.859
Net Profit Margin	-nil-	.511	.574
Return on Assets	-nil-	.116	.039
Return on Equity	-nil	.261	.116
Interest Coverage Ratio	-nil-	-nil-	-nil-

Interim Report (March 31, 2014)

The Company employed total assets of P2, 785,742,944 financed by total liabilities of P1, 553,338,453 and total stockholders' equity of P1, 232,404,491. Noncurrent assets amounted to P1, 690,249,409 consisting of investment property, property and equipment (net of accumulated depreciation) and other assets. Current assets stood at P1, 095,493,535.

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

Total income was higher by P1, 399,325 or 38% mainly due to the increase in sale of units in the joint venture project on the first quarter of 2014. Total cost and expenses increased by P3,

447,222 or 60% mainly due to the corresponding increase in cost of land arising from the sale of units, allocated incidental costs and brokers' commission. The increase in cost of sales was also due to the payment of legal fees for revocation and cancellation of Memorandum Order of the LRA pertaining to the annotation on Transfer Certificate of Titles and security services fee for the Company's properties in Binangonan, Rizal.

For the year ending March 31, 2014 vs. year ending March 31, 2013, total revenue is likewise higher by 38% or P1, 399,325 due to the sale of units in the joint venture project with matching increase in the total cost and expenses by 60% or P3, 447,222.

Material changes (March 31, 2014 vs. December 31, 2013)

Decrease in cash of 58% or in the amount of P2.1 million mainly due to the payment of office rental, annual listing fees, partial clearing costs and legal fees for the revocation and/ or cancellation of Memorandum of Order of the LRA pertaining to the annotation of TCTs.

Increase in receivables of P1.3 million or 8% largely due to the Pag-Ibig retentions and advances to Dreamhauz Management and Development Corp. arising from sale of units in the joint venture project.

Property and equipment decreased by 14% or P18 thousand due to depreciation.

Decrease in provision for clearing costs- current portion of P900 thousand or 18% due to the partial payment of land clearing costs.

Increase in payable to Joint Venture of 54% or 157 thousand due to the additional house construction cost and annotation of DOA on sale of units at blocks 28-35 of Sunshine Fiesta Subdivision assigned to IRC Properties, Inc.

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

D. GENERAL NATURE AND SCOPE OF BUSINESS

IRC Properties, Inc. (IRC), a domestic corporation with office address at 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, was incorporated on February 24, 1975 in the Philippines primarily to engage in the acquisition, reclamation, development or exploration of land, forests, minerals, oil, gas and other resources. The company initially ventured into oil exploration activities and drilled two (2) wells in Southern Mindoro and the Sulu Sea areas. World recession in the late 1970's forced the company to cut down on exploration activities. On July 28, 1978, the company acquired a 2,200-hectare property in Binangonan, Rizal which signalled its shift in its major business activity from oil exploration to real estate development. In February, 2012, the Company changed its name from Interport Resources Corporation to IRC Properties, Inc. to highlight this new focus on property development.

The clearing of the Company's Binangonan property is the target of the Company's operations in order to completely free from third party claims the first 455 hectares of the 2,200-hectare property where the first phase of the Binangonan Master Plan consisting of the housing estate project will be situated.

The company has one (1) affiliate, Interport Development Corporation (IDC), a 100%-owned subsidiary where future acquisitions of assets of the company may be made. IDC was incorporated on December 21, 1993 in the Philippines primarily to acquire and sell real estate of all kinds or hold such properties for investment purposes.

The company entered into a joint venture agreement with Dreamhauz Management and Development Corporation on August 5, 2010 to develop 15-hectare of Binangonan land into a residential subdivision. The development thereof shall be in phase of at least seven and a half (7.5) hectares each.

Also in July 25, 2012, the company entered into a Joint Development Agreement with Dell Equipment & Construction Corporation. The company contributes 8.7177 hectare property located in Binangonan, Rizal. Under the agreement, Dell shall develop the property at its own expense and the Company shall likewise have 12% share of the aggregate fair value of all the house and lot units in the project.

The Company's last annual stockholders' meeting was on August 30, 2013 and the next will be on July 29, 2014.

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

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

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

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

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

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

TOTAL NUMBER OF EMPLOYEES AND NUMBER OF FULL TIME EMPLOYEES. Presently, the Company has a total of six (6) personnel excluding the Chairman, President, Corporate Secretary and Assistant Corporate Secretary. Management intends to hire additional personnel as need arises.

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

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

Principal Market

The Company's shares of common stock are being traded at the Philippine Stock Exchange. Of the authorized capital stock of one billion shares, 999,888,964 shares have been subscribed.

Dividends

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

Common Equity

The shares of IRC traded along the following bands during 2014, 2013 and 2012:

	2014		2013		2012	
	High	Low	High	Low	High	Low
First Quarter	1.47	1.25	1.30	1.10	2.06	.74
Second Quarter			1.45	1.10	1.84	1.04
Third Quarter			1.66	1.25	1.36	1.09
Fourth Quarter			1.54	1.32	1.41	1.10

The listed price of IRC shares as of June 18, 2014 is 1.23.

Stockholders

The number of stockholders of record as of June 18, 2014, the Record Date of the 2014 annual stockholders' meeting is 601. Common shares outstanding as of June 18, 2014 amounted to 999,888,964.

The top 20 stockholders as of June 18, 2014 are as follows:

	Name of Stockholder	Number of Shares	Percentage Ownership
1	PCD NOMINEE CORP. (F)	457,024,031	45.71%
2	T & M HOLDINGS, INC.	262,605,200	26.26%

3	ASUNCION, ALEXANDER G .	90,014,000	9.00%
4	PRIMEEAST PROPERTIES, INC	69,815,500	6.98%
5	PCD NOMINEE CORP. (NF)	47,546,000	4.76%
6	MABUHAY HOLDINGS CORPORATION	38,160,643	3.81%
7	MARILAQUE LAND, INC.	5,998,000	0.60%
8	VALMORA INVESTMENT AND MANAGEMENT	2,300,000	0.23%
9	DEE, ALICE T.	2,365,000	0.25%
10	TAN, PEDRO O.	1,235,000	0.12%
11	EQUITY MANAGERS ASIA, INC.	1,000,000	0.10%
12	GUPIT, JEANETTE A.	750,000	0.08%
13	DAVID GO SECURITIES CORPORATION	729,000	0.07%
14	GOKONGWEI JR., JOHN	642,000	0.06%
15	UY, IMELDA T.	621,000	0.06%
16	SIGUION-REYNA, LEONARDO T.	700,000	0.07%
17	TAN, HENRY L.	600,000	0.06%
18	BLUE RIDGE CORPORATION	500,000	0.05%
19	CHIACO, ERNESTO C.	500,000	0.05%
20	TANCHAN III, SANTIAGO LAO, ALEX L.	500,000 500,000	0.05% 0.05%

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

G. DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

The compliance officer is currently in charge of evaluating the level of compliance of the Board of Directors and top-level management with its Manual of Corporate Governance.

Measures being undertaken by the company to fully comply with the adopted leading practices on good corporate governance;

Due to company's limited operations, measures are slowly being undertaken to fully comply with the adopted leading practices on good corporate governance.

Any deviation from the company's Manual of Corporate Governance shall be fully disclosed to the Commission.

Other than the disclosure enumerated above, the company has nothing to report on the following:

- a) Any known trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity
- b) Events that will trigger direct or contingent financial obligation that is material to the company
- c) Material off-balance sheet transactions, arrangements or obligations;

- d) Any material commitment for capital expenditures;
- e) Any significant elements of income or loss that did not arise from the issuers continuing operations and
- f) Any seasonal aspects that had a material effect on the financial condition or results of operation

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

***IRC PROPERTIES, INC.
35/F. Rufino Pacific Tower, 6784 Ayala Avenue
Makati City 1223
Attention: Ms. Araceli Canlas Molina***



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of IRC PROPERTIES, INC. AND SUBSIDIARY 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, including the additional components attached therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

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

[Signature]
ESTEBAN G. PEÑA SY
Chairman of the Board/ Chief Executive Officer

[Signature]
ALEXANDER G. ASUNCION
President

[Signature]
ARACELI C. MOLINA
Chief Financial Officer

SUBSCRIBED AND SWORN TO before me, a Notary Public, for and in Makati City, this APR 11 2014 day of April 2014, affiants exhibiting to me their Community Tax Certificates and/or Passports, as follows:

Table with 4 columns: Affiant, CTC No. / Passport No., Date of Issue, Place of Issue. Rows include Esteban G. Peña Sy, Alexander G. Asuncion, and Araceli C. Molina.

Doc. No. [Signature]
Page No. [Signature]
Book No. [Signature]
Series of 2014

Office 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City 1223, Philippines
Landline (+632) 750.2000 Fax (+632) 751.0773
Website www.ircproperties.com

ATTY. GONALDO B. ORTEGA
NOTARY Public, City of Makati
Until December 31, 2014
JRP No. 6551 SS-Lifetime Member
NICRA Certificate No. 111-0014282
Accreditation No. 14-199-(2013-2014)
P/N No. 4225505 Jan. 2, 2014/Makati
Makati City Roll No. 40091
101 Urban Ave., Brgy. Piedad, Alag, Makati City

COVER SHEET

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S.E.C. Registration Number

I R C P R O P E R T I E S I N C (F O R M E R L Y
 I N T E R P O R T R E S O U R C E S
 C O R P O R A T I O N) A N D S U B S I D I A R Y

(Company's Full Name)

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

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

GEORGINA A. MONSOD

Contact Person

750 2000

Company Telephone Number

12

Month

Fiscal Year

3 1

Day

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

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

IRC Properties, Inc. and Subsidiary

Consolidated Financial Statements

**As at December 31, 2013 and 2012 and for each of the three
years in the period ended December 31, 2013**



Isla Lipana & Co.

Independent Auditor's Report

To the Board of Directors and Shareholders of
IRC Properties, Inc.
35th Floor, Rufino Pacific Tower
6784 Ayala Avenue
Makati City

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of IRC Properties, Inc. and its Subsidiary (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2013 and 2012, and the consolidated statements of total comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 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 consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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T: +63 (2) 845 2728, F: +63 (2) 845 2806, www.pwc.com/ph




Isla Lipana & Co.

Independent Auditor's Report
To the Board of Directors and Shareholders of
IRC Properties, Inc.
Page 2

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of IRC Properties, Inc. and its Subsidiary 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.

Isla Lipana & Co.


Cherrylin M. Javier
Partner

CPA Cert. No. 68556

P.T.R. No. 0007703; issued on January 3, 2014 at Makati City

SEC A.N. (individual) as general auditors 0055-AR-3, Category A; effective until January 17, 2016

SEC A.N. (firm) as general auditors 0009-FR-3; effective until August 15, 2015

T.I.N. 112-071-216

BIR A.N. 08-000745-9-2013; issued on April 4, 2013; effective until April 3, 2016

BOA/PRC Registration No. 0142; effective until December 31, 2016

Makati City
April 15, 2014




Isla Lipana & Co.

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

To the Board of Directors and Shareholders of
IRC Properties, Inc.
35th Floor, Rufino Pacific Tower
6784 Ayala Avenue
Makati City

We have audited the consolidated financial statements of IRC Properties, Inc. and subsidiary as at and for the year ended December 31, 2013, on which we have rendered the attached report dated April 15, 2014. The supplementary information shown in the Map of the Group of Companies within which the Reporting Entity Belongs and the Schedule of Philippine Financial Reporting Standards effective as at December 31, 2013, as required by Part I, Section 4 of Rule 68 of the SRC, and Schedules A, B, C, D, E, F, G, and H, as required by Part II, Section 6 of Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information are the responsibility of management and has been subjected to the auditing procedures applied in the audits of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Parts I and II of Rule 68 of the SRC.

Isla Lipana & Co.


Cherrylin M. Javier
Partner

CPA Cert. No. 68556

P.T.R. No. 0007703; issued on January 3, 2014 at Makati City

SEC A.N. (individual) as general auditors 0055-AR-3, Category A; effective until January 17, 2016

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April 15, 2014

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Isla Lipana & Co. is the Philippine member firm of PwC. PwC refers to the Philippine member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

IRC Properties, Inc. and Subsidiary

Consolidated Statements of Financial Position
December 31, 2013 and 2012
(All amounts in Philippine Peso)

	Notes	2013	2012
<u>ASSETS</u>			
Current assets			
Cash	6	3,630,412	719,500
Receivables, net	7	16,218,793	8,985,104
Available-for-sale financial assets	8	620,380	620,380
Prepayments	9	14,063,909	10,952,157
Funds held by custodian bank	10	15,722,650	15,555,512
Land held for development	11	1,046,511,452	988,709,510
Real properties held for sale and development	11	938,437	253,841
Total current assets		1,097,706,033	1,025,796,004
Non-current assets			
Investment property	12	1,678,607,000	1,271,950,151
Property and equipment, net	13	132,566	221,486
Other assets	14	1,175,539	1,140,725
Total non-current assets		1,679,915,105	1,273,312,362
Total assets		2,777,621,138	2,299,108,366
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Accounts payable and accrued expenses	15	300,819,687	322,394,769
Accrual for clearing costs - current portion	16	5,141,017	52,282,374
Notes payable	17	290,369,900	274,869,900
Liability for refund of stock rights subscription	10,18	15,722,650	15,555,512
Total current liabilities		612,053,254	665,102,555
Non-current liabilities			
Deferred tax liability, net	22	353,999,970	192,720,846
Accrual for clearing costs - non-current portion	16	574,940,900	674,940,900
Total noncurrent liabilities		928,940,870	867,661,746
Total liabilities		1,540,994,124	1,532,764,301
Equity			
Share capital	18	999,913,978	852,621,986
Treasury shares	18	(14)	(14)
Fair value reserve	8	(8,943)	(8,943)
Deficit		236,721,993	(86,268,964)
Total equity		1,236,627,014	766,344,065
Total liabilities and equity		2,777,621,138	2,299,108,366

The notes on pages 1 to 36 are an integral part of these financial statements.

IRC Properties, Inc. and Subsidiary

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2013
(All amounts in Philippine Peso)

	Notes	2013	2012	2011
Income				
Sale of real estate		93,859,481	7,667,416	16,041,234
Interest income		4,272	2,244	280,287
Fair value gain on investment property	12	537,597,080	147,572,862	99,570,797
Reversal of accrued interest	15	-	-	32,928,173
Miscellaneous income		-	-	2,546,052
Total income		631,460,833	155,242,522	151,366,543
Expenses				
Cost of sales	11	128,659,059	4,873,189	8,864,732
Salaries, wages and employee benefits	19	5,207,027	6,874,848	7,113,535
Rent	21	3,708,646	3,783,412	3,744,429
Professional fees		2,066,969	1,240,115	1,765,297
Taxes and licenses		1,276,751	779,996	8,951,179
Transportation and travel		1,563,761	348,396	652,718
Office supplies		169,185	128,469	70,270
Depreciation	13	88,920	90,955	142,988
Research and development		-	-	250,000
Interest, penalties and related charges	15	-	-	1,774
Other	20	4,450,434	3,722,877	2,112,951
Total expenses		147,190,752	21,842,257	33,669,873
Net income before income tax		484,270,081	133,400,265	117,696,670
Provision for income tax	22	161,279,124	44,271,859	29,871,240
Net income for the year		322,990,957	89,128,406	87,825,430
Other comprehensive income	8	-	-	-
Total comprehensive income for the year		322,990,957	89,128,406	87,825,430
Basic and diluted earnings per share	18	0.32	0.11	0.11

The notes on pages 1 to 36 are an integral part of these financial statements.

IRC Properties, Inc. and Subsidiary

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2013
(All amounts in Philippine Peso)

	Notes	Share capital (Note 18)	Treasury Shares (Note 18)	Fair value reserve (Note 8)	Deficit	Total
Balances at January 1, 2011		799,999,986	(14)	(8,943)	(263,222,800)	536,768,229
Comprehensive income						
Net income		-	-	-	87,825,430	87,825,430
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	87,825,430	87,825,430
Transactions with owners						
Issuance of shares		-	-	-	-	-
Total transactions with owners		-	-	-	-	-
Balances at December 31, 2011		799,999,986	(14)	(8,943)	(175,397,370)	624,593,659
Comprehensive income						
Net income		-	-	-	89,128,406	89,128,406
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	89,128,406	89,128,406
Transactions with owners						
Issuance of shares	18	52,622,000	-	-	-	52,622,000
Total transactions with owners		52,622,000	-	-	-	52,622,000
Balances at December 31, 2012		852,621,986	(14)	(8,943)	(86,268,964)	766,344,065
Comprehensive income						
Net income		-	-	-	322,990,957	322,990,957
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	322,990,957	322,990,957
Transactions with owners						
Issuance of shares	18	147,291,992	-	-	-	147,291,992
Total transactions with owners		147,291,992	-	-	-	147,291,992
Balances at December 31, 2013		999,913,978	(14)	(8,943)	236,721,993	1,236,627,014

The notes on pages 1 to 36 are an integral part of these financial statements.

IRC Properties, Inc. and its Subsidiary

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2013
(All amounts in Philippine Peso)

	Notes	2013	2012	2011
Cash flows from operating activities				
Income before income tax		484,270,081	133,400,265	117,696,670
Adjustments for:				
Depreciation	13	88,920	90,955	142,988
Interest income		(4,272)	(2,244)	(280,287)
Reversal of accrued interest	15	-	-	(32,928,173)
Loss on sale of investment property	12	44,423,850	-	-
Fair value gain on investment property	12	(537,597,080)	(147,572,862)	(99,570,797)
Operating loss before changes in operating assets and liabilities		(8,818,501)	(14,083,886)	(14,939,599)
Changes in operating assets and liabilities				
(Increase) decrease in:				
Land held for development		(1,554,942)	2,990,477	5,009,995
Receivables		(7,233,689)	(5,702,783)	116,751,079
Prepayments		(3,111,752)	(799,594)	2,708,519
Real properties held for sale and development		(684,596)	546,732	(800,573)
Other assets		(34,815)	53,197	34,642
Increase (decrease) in:				
Accounts payable and accrued expenses		(61,253,826)	39,482,309	(98,139,029)
Accrual for clearing costs		(147,141,357)	(44,450,000)	(62,609,368)
Net cash used in operations		(229,833,478)	(21,963,548)	(51,984,334)
Interest received		4,272	2,244	280,287
Net cash used in operating activities		(229,829,206)	(21,961,304)	(51,704,047)
Cash flows from investing activities				
Acquisitions of:				
Investment property	12	(5,051,874)	(32,365,204)	(56,662,803)
Property and equipment	13	-	-	(58,737)
Proceeds from sale of land		75,000,000	-	-
Net cash generated from (used in) investing activities		69,948,126	(32,365,204)	(56,721,540)
Cash flows from financing activities				
Proceeds from issuance of notes	17	15,500,000	500,000	113,529,300
Payment of notes	17	-	-	(24,000,000)
Proceeds from stock rights offering		147,291,992	52,622,000	-
Net cash generated from financing activities		162,791,992	53,122,000	89,529,300
Net increase (decrease) in cash		2,910,912	(1,204,508)	(18,896,287)
Cash				
January 1		719,500	1,924,008	20,820,295
December 31		3,630,412	719,500	1,924,008

The notes on pages 1 to 36 are an integral part of these financial statements.

IRC Properties, Inc. and subsidiary

Notes to Financial Statements

As at December 31, 2013 and 2012

and for each of the three years in the period ended December 31, 2013

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

Note 1 - General information

IRC Properties, Inc. (Parent Company) and Interport Development Corporation (IDC) (Subsidiary), (collectively referred to as the "Group"), both domestic corporations were incorporated on February 24, 1975 and December 21, 1993, respectively. The Parent Company is primarily involved in the acquisition, reclamation, development or exploitation of land, forests, minerals, oil, gas and other resources. IDC is primarily involved in the acquisition and selling of real estate of all kinds or hold such properties for investment purposes.

The Parent Company is 37.50%, both directly and indirectly, owned by Mabuhay Holdings Corporation (MHC). The remaining interest is owned by various corporate and individual shareholders. The Parent Company became a public company through an initial public offering in February 27, 1978. There are no other offerings made other than new shares issued arising from stock rights offering in 2010 as discussed below.

On April 14, 2010, the Philippine Stock Exchange has approved the Parent Company's stock rights offering which generated a total of P399 million to partially fund the development and construction of real estate development projects in its property in Binangonan, Rizal. The Parent Company also repaid its maturing loans out of the proceeds.

The Group entered into a joint development agreement with a local real estate developer to develop an estimated 29 hectares of clean Binangonan properties. Moreover, the Group is actively in the process of clearing and re-titling the large portion of the property in Binangonan for future developments (Notes 11 and 12).

As at December 31, 2013, Wedgemore Property, a subsidiary of Ayala Land Inc. is pursuing the acquisition of a portion of the 2000-hectare Binangonan lot of the Group. The on-going negotiations are expected to be completed in the next 6 months. The entry of Ayala Land Inc. is seen to jumpstart the development of a new mixed-use community south of Metro Manila. To date, a total of 142.4 hectares are ready for immediate development.

The Group's management believes that ongoing developments of Trocadero Residences and Sunshine Fiesta Subdivision projects, both situated in prime locations (Trocadero is located inside the Eastridge Golf Village while Sunshine is among neighboring subdivisions such as St. Monique, Crystal East, East Ville, among others), will provide for additional funds that will finance other planned developments that are currently in place. The Group plans a mixed development of condominium and townhouses within a 1.34 hectare property also in Binangonan adjacent to Thunderbird Resort and Casino and the 18-hole EastRidge Golf Club. With a commanding view of the Laguna Lake and valley view of Rizal town, the project is intended to cater to golf members of Eastridge, and the mid to high end market of northern Metro Manila. The project will have a total of 40 townhouses for primary markets and 180 condominium units. The Group has acquired the development permits from government agencies for both projects and has already signed an agreement with a local developer (Note 11).

Other major operational developments are discussed in Notes 11 and 12.

On January 27, 2013, the Securities and Exchange Commission ("SEC") approved the Amended Articles of Incorporation of the Parent Company on change of corporate name to IRC Properties, Inc., changes in the primary purpose and declassification of stock (Note 19).

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

The Parent Company has its primary listing on the Philippine Stock Exchange. As at December 31, 2013, the Company has 592 shareholders (2012 - 632) owning at least 100 shares each.

The Parent Company has 6 employees at December 31, 2013 and 2012.

The financial statements have been approved and authorized for issue by the Board of Directors on April 11, 2014. There were no material subsequent events that occurred between April 11, 2014 and April 15, 2014.

Note 2 - Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by SEC.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment property.

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

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group effective January 1, 2013:

- *PAS 1 (Amendment), Financial Statement Presentation - Other Comprehensive Income* (effective July 1, 2012). The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The required change has had no effect on the separate statement of total comprehensive income in the absence of other comprehensive income item.
- *PAS 28 (Revised), Investments in Associates and Joint Ventures* (effective January 1, 2013). PAS 28 (Revised) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of PFRS 11. See Note 13 for the disclosures of the investments in and advances to subsidiaries and associates. The Group has no investments in joint ventures.
- *PFRS 10, Consolidated Financial Statements* (effective January 1, 2013). The objective of PFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. It defines the principle of control, and establishes control as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. The adoption is not expected to have a significant impact on the financial statements.
- *PFRS 11, Joint Arrangements* (effective January 1, 2013). This new standard focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. See Note 5 for the impact of the adoption on the consolidated financial statements.
- *PFRS 12, Disclosures of Interests in Other Entities* (effective January 1, 2013). This new standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. See Note 13 for the disclosures of the investments in and advances to subsidiaries and associates.
- *PFRS 13, Fair Value Measurement* (effective January 1, 2013). This new standard aims to improve consistency and reduce complexity by providing a clarified definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The requirements, which are largely aligned with IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within PFRS. See Note 3.4 for the disclosures required by this standard.

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements.

- *PFRS 9, Financial Instruments.* This new standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of PAS 39, Financial Instruments: Recognition and Measurement, that relate to the classification and measurement of financial instruments, and hedge accounting. PFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the PAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, part of the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch. PFRS 9 also details the changes in requirements to hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. The mandatory effective date of PFRS 9 which is for annual periods beginning January 1, 2015 has been deferred and left open pending the finalization of the impairment classification and measurement requirements. The Group has yet to assess the full impact of PFRS 9 and intends to adopt PFRS 9 upon completion of the IASB project. The Group will also consider the impact of the remaining phase of PFRS 9 when issued.

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

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Parent Company and IDC, a 100%-owned subsidiary as at December 31, 2013 and 2012. The Subsidiary's financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies. The accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

(a) Subsidiary

Subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The subsidiary is fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

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

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

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

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

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

Business combinations under common control are accounted for using the predecessor cost method (similar to merger accounting/pooling of interests method). Under this method, the Group does not restate the acquired businesses or assets and liabilities to their fair values. The net assets of the combining entities or businesses are combined using the carrying amounts of assets and liabilities of the acquired entity from the consolidated financial statements of the highest entity that has common control for which financial statements are prepared. No amount is recognized in consideration for goodwill or the excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over their cost at the time of the common control combination. The financial statements incorporate the net assets and results of operations of the combining entities or businesses as if they had always been combined or from the date when the combining entities or businesses first became under common control, whichever period is shorter. The difference between the consideration given and the aggregate book value of the assets and liabilities acquired as at the date of the transaction is charged to a reserve account in equity.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investment in associates is carried in the separate financial statements at cost, less allowance for impairment losses.

The Group determines at each reporting date whether there is any indicator of impairment that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount and carrying value and the difference is recognized in profit or loss.

Investments in associates are derecognized upon disposal or when no future economic benefits are expected to be derived from the subsidiaries and associates at which time the cost and the related accumulated impairment loss are removed in the statement of condition. Any gains and losses on disposal is determined by comparing the proceeds with the carrying amount of the investment and recognized in profit or loss.

(c) Joint arrangements

The Group has applied PFRS 11 to all joint arrangements effective January 1, 2013 and has applied accounting retrospectively. Under PFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

The Group has entered into a joint arrangement agreement with a third party to develop a portion of its landbank located in Binangonan, Rizal. Under the terms of the agreement, the Group will contribute lots to the joint arrangement. The Group's contribution and share to the arrangement is limited to the value of the land it contributed. The counterparty in return will be primarily responsible in the development and the construction of the property into saleable housing units. The counterparty will likewise be in charge in marketing these completed units. The Group recognizes revenue based on the sales of the pre-determined lots assigned in accordance with the provisions of the agreement.

The Group has assessed the nature of its joint arrangement and determined it to be joint operations. The Group classifies the land contributed in accordance with PAS 2, Inventories.

The contractual arrangement establishes the parties' rights to the assets, and obligations for the liabilities, relating to the arrangement, and the parties' rights to the corresponding revenues and obligations for the corresponding revenues and obligations for the corresponding expenses.

2.3 Cash

Cash consist of cash on hand and deposits held at call with banks. Funds that are restricted and designated for particular purpose are separated from cash on hand and in bank account and presented as a separate line item and classified as current or non-current depending on the expected timing the funds will be disbursed. Cash is stated at face value or nominal amount.

2.4 Financial assets

2.4.1 Classification of financial assets

The Group classifies its financial assets in the following categories: (i) at fair value through profit or loss, (ii) loans and receivables, (iii) held-to-maturity investments and (iv) available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

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

The Group does not hold financial assets under this category.

(b) Loans and receivables

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

The Group loans and receivable comprise cash in banks, receivables, funds held by custodian bank and refundable deposits under other assets in the statement of financial position.

(c) Held-to-maturity investments

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

The Group does not hold financial assets under this category.

(d) Available-for-sale financial assets

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

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

2.4.2 Recognition and measurement

(a) Initial recognition and measurement

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

(b) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method.

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

2.4.3 Derecognition of financial assets

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

2.4.4 Impairment of financial assets

(i) Assets carried at amortized cost

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

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

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

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

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

(ii) Available-for-sale financial assets

For available-for-sale debt securities, the Group uses the criteria referred to above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. Generally, the Group treats 20% or more as 'significant' and greater than twelve months as 'prolonged'. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss is removed from equity and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

2.5 Financial liabilities

2.5.1 Classification and measurement of financial liabilities

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

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

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

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

The Group does not hold financial liabilities under this category.

(b) Other liabilities at amortized cost

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

The Group's accounts payable and accrued expenses, notes payable, accrual for clearing cost and liability for refund of stock rights subscription are classified under this category.

2.5.2 Initial recognition and subsequent measurement

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

2.5.3 Derecognition of financial liabilities

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

2.6 Offsetting of financial instruments

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

2.7 Prepayments

Prepayments are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at the amount of cash paid, which is equal to its nominal amount. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption.

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

2.8 Investment property

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

The Group's investment property, principally comprising of properties in Binangonan, Rizal are held for capital appreciation and is not occupied by the Group. The Group has adopted the fair value model for its investment properties.

After initial recognition, investment property is carried at fair value as determined by an independent firm of appraisers. Fair value is based on market data approach, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the independent appraiser. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

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

Changes in fair values are recorded in profit or loss.

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment (Note 2.10), and its fair value at the date of reclassification becomes its cost for accounting purposes. Gain or loss arising on disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset. This is recognized in profit or loss.

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

2.9 Real properties held for sale and development; Land held for development

Real properties held for sale and development and Land held for development are stated at the lower of cost and net realizable value. The cost comprises purchase price plus costs directly attributable to the acquisition of the assets including clearing, retitling, site preparation and subsequent development costs. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Borrowing costs associated with ongoing development of these properties are capitalized during its construction period.

The fair value of the land transferred from investment property to land held for development account due to change in use on the property is deemed as cost for subsequent accounting. Transfers from investment property to land held for development happen when the Group comes up with a concrete plan to clear the lots and/or when the Group enters into a Memorandum of Agreement (MOA) with a third party to perform retitling and related clearing activities.

Upon disposal, the asset accounts are relieved of the pertinent costs of acquisition and improvements, and provision for decline in value (if any) and the related realized profit on sale is recognized in profit or loss.

At December 31, 2013 and 2012, 142.4 hectares of the cleared and retitled Binangonan Property are either under development or intended for immediate development. The cost of such property is presented as land held for development.

Real properties held for sale and development amounting to P921,324 (2012 - P253,498) represents completed and fully developed lots under the joint development agreement.

2.10 Property and equipment

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

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

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

Office equipment	5 years
Furniture and fixtures	5 years
Transportation equipment	5 years
Communication equipment	5 years

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

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

2.11 Impairment of non-financial assets

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

2.12 Fair value measurement

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

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

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

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

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

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

(a) Financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1. There are no financial instruments that fall under the Level 1 category.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. There are no financial instruments that fall under the Level 2 category.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. There are no financial instruments that fall under the Level 3 category.

(b) Non-financial assets or liabilities

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

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

Level 2 fair values of have been derived using the sales comparison approach. This comparison approach considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter.

The investment properties of the Group are classified under Level 2 category. The Group has no non-financial assets or liabilities classified under Level 3 category.

2.13 Accounts payable and accrued expenses

Accounts payable and other liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. These are recognized initially at fair value and subsequently measured at amortized cost using effective interest method.

2.14 Borrowings and borrowing costs

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

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

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

2.15 Income tax

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

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

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

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

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

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

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

2.16 Provisions

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the obligation.

2.17 Share capital

(a) Common shares

Common shares are classified as equity.

Issuance of new shares as a result of options, rights and warrants are shown in equity as an addition to the balance of common shares.

(b) Treasury shares

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

2.18 Earnings per share

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

There are no dilutive potential common shares as at December 31, 2013 and 2012.

2.19 Revenue and expense recognition

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

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

(a) Sale of real estate and cost of sales

Revenue is recognized when the substantial risks and rewards are transferred to the buyer which coincides with actual delivery of title and/or when the right of exclusive use is conveyed to the buyer. For properties sold through a financing agreement with PAG-IBIG, revenue is recognized upon receipt of the approved Request for Payment (RFP) instruction from PAG-IBIG.

Cost of sales is recognized simultaneously with revenue. Cost of sales include cost of land allocated to the Group based on assigned lots stated in the agreement entered into with the developer and all other incidental costs incurred by the Group.

(b) Interest income and expense

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

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

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

Interest income on bank deposits is recognized when earned, net of final tax.

(c) Dividend income

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

(d) Other income

Other income is recognized when earned.

(e) Expenses

Operating expenses are recognized when they are incurred.

2.20 Leases

(a) The Group is the lessor

Rental income under operating leases is recognized in profit or loss on a straight-line basis over the period of the lease.

(b) The Group is the lessee

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

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

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

2.21 Foreign currency transactions and translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

2.22 Related party transactions and relationships

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

2.23 Subsequent events (or events after the reporting date)

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

Note 3 - Financial risk management

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

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

3.1 Market risk

(a) Currency risk

The Group is not exposed to currency risk as it is not currently engaged in any foreign currency transactions.

(b) Price risk

The Group's exposure on price risk is minimal and limited only to investments classified as available-for-sale securities (Note 8). Changes in market prices of these investments are not expected to impact significantly the financial position or results of operations of the Group.

(c) Interest rate risk

Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing financial instruments include various loans payable and borrowings (Note 17). These financial instruments are not exposed to fair value interest rate risk as they are carried at amortized cost. Likewise, these instruments are not exposed to variability in cash flows as they carry fixed interest rates.

3.2 Credit risk

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

2013	Current	Past due but not impaired	Impaired	Allowance for impairment	Total
Cash in bank	3,630,412	-	-	-	3,630,412
Receivables, net	16,218,793	-	7,473,000	(7,473,000)	16,218,793
Funds held by custodian bank	15,722,650	-	-	-	15,722,650
Refundable deposits	1,007,763	-	-	-	1,007,763
	36,579,618	-	7,473,000	(7,473,000)	36,579,618

2012	Current	Past due but not impaired	Impaired	Allowance for impairment	Total
Cash in bank	709,500	-	-	-	709,500
Receivables, net	8,985,104	-	7,473,000	(7,473,000)	8,985,104
Funds held by custodian bank	15,555,512	-	-	-	15,555,512
Refundable deposits	921,600	-	-	-	921,600
	26,171,716	-	7,473,000	(7,473,000)	26,171,716

(a) Cash in bank and funds held by custodian bank

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

As at December 31, 2013 and 2012, the Group's funds are maintained with universal banks.

(b) Receivables

Fully performing accounts receivables at December 31, 2013 represents trade receivables from sale of 18.37 hectares of raw land to Hundred Lake Development Corp. and from the joint arrangement representing the Group's share in the proceeds from sold units (Note 7). Credit risk is not deemed significant because the Group holds the title until the amount is fully paid.

The impaired receivables are long overdue and arose from non-operating activities. Debtors are mainly individuals without credit history reference.

(c) Refundable deposits

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

The Group has no financial assets that are considered to as past due but not impaired as at December 31, 2013 and 2012.

3.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. The consequence may be the failure to meet obligations to repay creditors and fulfill commitments.

As at December 31, 2013, the Group does not require intensive working capital requirements. In accordance with the provisions of its joint arrangement agreement with a third party developer, the Group's involvement is limited to the value of the land contributed. The developer will undertake the construction and selling of completed units.

All financial assets and liabilities are current as at reporting dates, except for the non-current portion of accrual for clearing costs (Note 16).

To manage liquidity, funding of maturing obligation will come either from future sale of developed properties or additional advances from shareholders.

Expected future interest payments of the Group for the next three years is P39.5 million as at December 31, 2013 and 2012.

3.4 Fair value of financial assets and liabilities

The table below summarizes the carrying amount and fair value of those significant financial assets and liabilities not presented on the statement of financial position at fair value as at December 31:

	2013		2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Cash	3,620,412	3,620,412	719,500	719,500
Receivables, net	16,218,793	16,218,793	8,985,104	8,985,104
Funds held by custodian bank	15,722,650	15,722,650	15,555,512	15,555,512
Refundable deposits	1,007,763	1,007,763	921,600	921,600
Total assets	36,569,618	36,569,618	26,181,716	26,181,716
Liabilities				
Accounts payable and accrued expenses	270,550,360	270,550,360	290,307,650	290,307,650
Accrual for clearing cost	580,081,917	580,081,917	727,223,274	727,223,274
Notes payable	290,369,900	290,369,900	274,869,900	274,869,900
Liability for refund of stock rights subscription	15,722,650	15,722,650	15,555,512	15,555,512
Total liabilities	1,156,724,827	1,156,724,827	1,307,956,336	1,307,956,336

3.5 Fair value hierarchy

The Group follows the fair value measurement hierarchy to disclose the fair values of its financial assets and liabilities. At December 31, 2013 and 2012, the Group's available-for-sale financial assets and investment properties are classified under Level 1 and 2 categories, respectively.

Note 4 - Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can provide future returns to its shareholders and to maintain an optimal capital structure to reduce its cost of capital. For this purpose, capital is represented by total equity as shown in the statements of financial position, less fair value reserve.

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

The Group's main objective is to ensure it has adequate capital moving forward to pursue its major land development and housing projects.

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

There are no externally imposed capital requirements on the Group.

Note 5 - Critical accounting estimates, assumptions and judgments

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

5.1 Critical accounting estimates

(a) Estimate of fair value of investment properties (Note 12)

The Parent Company's Binangonan property has an estimated market value of P1,000 per square meter (2012 - P650 per square meter) at December 31, 2013 based on the following significant assumptions used by the independent appraiser.

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

Management expects that the value of the Binangonan property will increase significantly when clearing and horizontal developments are undertaken in the very near future.

The Group considers that it is impracticable to discuss with sufficient reliability the possible effects of sensitivities surrounding the estimation of the fair value of investment property as the major assumptions used may differ significantly. With this, it is reasonably possible, based on existing knowledge, that the outcomes within the next financial year are different from assumptions could require a material adjustment to the carrying amount of investment property.

Fair value gain on investment property represents significant amounts both in value of property and income. Any +/- 10% change in fair value per square meter increases/decreases total assets and income before tax by P107,011,196.

(b) Estimate of clearing costs (Note 16)

As discussed in Note 12, the Supreme Court affirmed the validity of the Parent Company's titles over its 2,200 hectares Binangonan property. However, due to a number of factors, including the recognition of Supreme Court over the superior rights of the bonafide occupants as well as potential challenges in clearing and re-titling of this large area of land, management has estimated that only 455 hectares is expected to be recovered/cleared and re-titled in the name of the Parent Company as at December 31, 2013 (2012 - 455 hectares).

Given the above, management has estimated total clearing and re-titling costs to be approximately P580 million and P727.2 million as at December 31, 2013 and 2012, respectively. This estimate is based on the existing contracts with a contractor which charges the Group at an average price of P300 to P350 per square meter, depending on location. The outstanding provisions do not include retitled lots which have been reclassified to Land held for development in the statement of financial position.

Management believes that the above is the best estimate based on existing conditions and circumstances as at December 31, 2013 and 2012.

The Group considers it impracticable to discuss with sufficient reliability the possible effects of sensitivities surrounding the accrual for clearing costs as the major assumptions used may differ significantly. With this, it is reasonably possible, based on existing knowledge, that the outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of accrual for clearing costs.

(c) Impairment of trade and other receivables

The provision for impairment of receivables is based on the Group's assessment of the collectability of payments from its debtors. This assessment requires judgment regarding the ability of the debtors to pay the amounts owed to the company and the outcome of any disputes. Any change in the Group's assessment of the collectability of receivables could significantly impact the calculation of such provision and results of its financial performance. Total receivables subjected to this assessment are shown in Note 7. The Group considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the impairment of receivables.

5.2 Critical accounting judgment

(a) Recognition of deferred income tax assets (Note 22)

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

Management believes that the non-recognition of deferred income tax assets of P81.99 million (2012 - P85.63 million) is appropriate due to the Group's limited capacity to generate sufficient taxable income in the immediately succeeding five years given current development activities.

(b) Joint arrangements

Management enters into joint arrangements for the development of its properties. Per contractual agreements, the Group's contribution on the joint arrangements is limited only to the value of the land and any obligations related to development are on the account of the counterparty in the joint operations. The joint arrangements are not structured through a separate vehicle and the Group has direct access to assets and obligations for liabilities. As such, the arrangement is classified as joint operations.

Total land contributed to joint operations as at December 31, 2013 and 2012 is 17.68 hectares amounting to P113 million and is recorded as part of 'Land held for development' in the statement of financial position.

Note 6 - Cash on hand and in bank

Cash on hand and in bank at December 31 consist of:

	2013	2012
Cash on hand	10,000	10,000
Cash in bank	3,620,412	709,500
	3,630,412	719,500

Note 7 - Receivables

Current receivables at December 31 consist of:

	2013	2012
Receivables from sale of land	15,796,503	8,526,235
Receivables from quitclaim agreements	7,473,000	7,473,000
Others	422,290	458,869
	23,691,793	16,458,104
Allowance for impairment	(7,473,000)	(7,473,000)
	16,218,793	8,985,104

Receivables from sale of land represent receivable from joint arrangement arising from the proceeds of sold units attributable to the Group and from the sale of raw land to Hundred Lake Development Corp. (Note 12).

Receivables from quitclaim agreements represent the balances of the consideration due to the Group on its agreement to transfer titles of certain parcels of land on its Binangonan property to certain third parties holding title to the same property. Under the said agreements, the third parties concerned shall pay the Group the agreed amounts as consideration for the transfer of absolute ownership to the properties.

There were no movements in the allowance for impairment during 2013 and 2012.

Note 8 - Available-for-sale financial assets

Available-for-sale financial assets at December 31 consist of:

	2013	2012
Listed	2,880	2,880
Unlisted	626,443	626,443
Fair value adjustment	(8,943)	(8,943)
	620,380	620,380

Listed available-for-sale financial assets pertain to an insignificant number of equity shares held in a publicly listed universal bank (level 1). Unlisted available-for-sale financial assets pertain to club membership shares (level 1).

There are no available-for-sale financial asset additions and disposals at December 31, 2013 and 2012.

Note 9 - Prepayments

Prepayments at December 31 consist of:

	2013	2012
Creditable withholding tax	13,669,657	9,306,094
Input taxes	341,642	1,597,987
Prepaid taxes	52,610	48,076
	14,063,909	10,952,157

Note 10 - Funds held by custodian bank

The account represents restricted fund from the proceeds of the Parent Company's cancelled stock rights offering in 1996 which were deposited with a local custodian bank. The local custodian bank is responsible for monitoring withdrawals or disbursements from the funds, and ensuring that all withdrawals and orders for payment made are in connection with, or relating to, any of the purposes specified in the work program submitted by the Parent Company to the SEC in connection with the stock rights offering.

The balance of funds held by custodian bank at December 31 consists of:

	2013	2012
Special savings deposit	15,730,000	15,540,000
Receivables	27,528	29,602
Demand deposit	623	1,747
Payables	(35,501)	(15,837)
	15,722,650	15,555,512

Following SEC's order to refund the money, the proceeds have been presented as liability in the statement of financial position. The Group does not have legal right to defer payment beyond one year, hence, presented as current liability.

There were no withdrawals from the fund during 2013 and 2012.

Note 11 - Land held for development and real properties held for sale and development

Land held for development at December 31 consists of:

	2013	2012
Balance at January 1	988,709,510	1,041,310,472
Additions, including capitalized interest	9,247,867	400,575
Reclassifications (to) from investment properties	56,247,000	(49,610,485)
Sold or transferred to completed lots	(7,692,925)	(3,391,052)
Balance at December 31	1,046,511,452	988,709,510

In 2012, the Parent Company entered into a joint development agreement with a third party developer to develop social housing units (the Project). Under the agreement, the Group shall contribute 15.125 hectares of cleared lots to the Project while the developer will undertake all the necessary construction, including the application for permits. The developer shall also act as the principal agent for the sale of finished housing units. The Group shall receive, as its share in the Project, the amount of sale of finished housing units assigned to the Group. Total share of the Group from sold units in 2013 amounted to P93.86 million (2012 - P7.67 million). Total cost of lots sold amounted to P128.66 million (2012 - P4.87 million).

In 2013, the Group sold parcels of its investment property located in Binangonan to Hundred Lake with a carrying amount of P119.42 million for P87.27 million. The disposal of the property resulted in a loss of P32.15 million.

Relative to agreement with Wedgemore Property, a subsidiary of Ayala Land, Inc., legal due diligence of titles and tax declarations are being conducted. Reclassification for the Phase 1-A lots has been applied with the Binangonan Local Government and awaiting approval. Total cost of reclassification and DAR conversions for additional areas covered in the supplement to the Memorandum of Agreement with Wedgemore amounting to P4.98 million are being capitalized in the Land held for development.

Total borrowing costs capitalized in land held for development at December 31, 2013 amounts to P3,025,000 (2012 - P18,736,597).

Real properties held for sale and development amounting to P938,437 (2012 - P253, 841) represents completed and fully developed lots under the agreement.

Note 12 - Investment property

The Group's investment property as at December 31, 2013 and 2012 is situated in Binangonan, Rizal with fair value amounting to P1.679 billion (2012 - P1.272 billion). The property was acquired in 1978 primarily for the development of a subdivision project. These properties have a total area of about 2,200 hectares and were registered in the Group's name under various Transfer Certificate of Titles.

On November 21, 1991, the Supreme Court affirmed previous decisions by the Court of Appeals and the Regional Trial Court confirming the validity of the Group's titles over its Binangonan property. However, in the same Supreme Court decision, it was also declared that the Group's ownership of the titles shall be subject to the declared superior rights of bonafide occupants with registered titles within the area covered by the questioned decree and bonafide occupants therein with lengths of possession which had ripened to ownership. The area of present claimants to certain parcels of land within the Group's titled property is currently being identified and verified by the Group's legal counsel.

The Group does not currently earn income and does not incur direct operating expenses from its investment properties.

The movements in investment property at December 31 are summarized as follows:

	2013	2012
Balance at January 1	1,271,950,151	937,401,600
Additions, including capitalized interest	44,730,619	137,365,204
Reclassification from (to) Land held for development	(56,247,000)	49,610,485
Disposal of property	(119,423,850)	-
Fair value gain	537,597,080	147,572,862
Fair value at December 31	1,678,607,000	1,271,950,151

Increase in fair value of the investment property is attributed to ongoing developments on the property.

Total borrowing costs capitalized at December 31, 2013 amounts to P125,789,663 (2012 - P86,110,918).

Deductions refer to the cost of 18.37 hectares of raw land sold to Hundred Lake Development Corporation which is recorded at appraised value of P650 per square meter. The property was sold on September 10, 2013 at P475 per square meter. The Group received P75 million as down payment upon execution of the Contract to Sell and the balance of P12,271,275 is payable upon the transfer of title of the property to the buyer.

In 2012, the Group identified additional 30 hectares of land that can be recovered/cleared and re-titled in the name of the Group. Accordingly, provision for clearing costs amounting to P105 million pertaining to the 30 hectares of land was recognized. The increase in investment property and additional provision are considered as non-cash transactions.

Fair value of investment property is determined on the basis of appraisal made by an external appraiser duly certified by the management. Valuation methods employed by the appraisers mainly include the market data approach (Note 2.8). As at December 31, 2013, the cumulative fair value gains amount to P1.2 billion (2012 - P643.1 million).

Note 13 - Property and equipment, net

Details and movements of the account as at and for the years ended December 31, 2013 and 2012 follow:

	Office equipment	Furniture and fixtures	Transportation equipment	Communication equipment	Total
Cost					
Balances at January 1, 2012	2,084,354	2,122,399	431,818	202,278	4,840,849
Additions	-	-	-	-	-
Balances at December 31, 2012	2,084,354	2,122,399	431,818	202,278	4,840,849
Additions	-	-	-	-	-
Balances at December 31, 2013	2,084,354	2,122,399	431,818	202,278	4,840,849
Accumulated depreciation					
Balances at January 1, 2012	1,939,277	1,955,041	431,817	202,273	4,528,408
Depreciation	44,224	46,731	-	-	90,955
Balances at December 31, 2012	1,983,501	2,001,772	431,817	202,273	4,619,363
Depreciation	42,189	46,731	-	-	88,920
Balances at December 31, 2013	2,025,690	2,048,503	431,817	202,273	4,708,283
Net book value					
December 31, 2012	100,853	120,627	1	5	221,486
December 31, 2013	58,664	73,896	1	5	132,566

Note 14 - Other assets

Other assets at December 31 consist of:

	2013	2012
Refundable deposits	1,007,763	921,600
Computer software, net	105,726	157,075
Others	62,050	62,050
	1,175,539	1,140,725

Computer software is net of accumulated amortization amounting to P163,220 (2012 - P111,872). Amortization expense charged to profit or loss as at December 31, 2013 amounted to P51,348 (2012 - P53,197). There were no additions or disposals during 2013 and 2012.

Note 15 - Accounts payable and accrued expenses

Accounts payable and accrued expenses at December 31 consist of:

	Notes	2013	2012
Liability for land acquisition	11,12	82,251,920	82,251,920
Accounts payable		5,247,941	5,247,941
Accrued expenses and other payables			
Interest, penalties and related charges		170,417,439	168,282,993
Real property taxes		29,208,251	31,288,003
Salaries, wages and benefits	19,24	-	23,200,000
Professional fees		976,038	975,493
Customer's deposits		359,430	-
Others		12,358,668	11,148,419
		<u>300,819,687</u>	<u>322,394,769</u>

Liability for land acquisition represents the outstanding payable to PrimeEast which are payable on demand.

Interest, penalties and related charges represent interest arising from Parent Company's notes payable to MHC, PrimeEast and T&M Holdings, Inc. (Note 17) bearing annual interest ranging from 12% to 22%.

In 2011, the Parent Company recorded a reversal of accrued interest and penalties amounting to P32.93 million pertaining to notes payable to Penta Capital Investment Corporation, the principal of which was paid in 2010. The reversal took place after the creditor signed a waiver condoning all the unpaid interest.

In 2012, the Parent Company recorded a reversal of accrued interest, which was previously capitalized as part of investment properties, amounting to P15.51 million related to notes payable to PrimeEast Properties, Inc. The reversal took place after the creditor signed a waiver condoning all the unpaid interest. The reversal is considered as non-cash transaction.

Note 16 - Accrual for clearing costs

Accrual for clearing cost represents the Group's expected cost to clear a portion of its Binangonan property from bonafide occupants with superior rights over the Company's investment property (Note 12). The amount is based on the average estimated clearing and titling cost of P300 to P350 per square meter consistent with the agreement with PrimeEast, the contractor. Such amount represents the peso value (net present value) at each reporting date as quoted by PrimeEast.

Expected timing of actual cash flow at December 31 follows:

	2013	2012
Within 1 year (current)	5,141,017	52,282,374
2 to 3 years	354,940,900	454,940,900
4 to 5 years	220,000,000	220,000,000
Total noncurrent, net of current portion	574,940,900	674,940,900
	<u>580,081,917</u>	<u>727,223,274</u>

The movements in accrual for clearing costs are summarized as follows:

	Note	2013	2012
At January 1		727,223,274	666,673,274
Payments		(147,141,357)	(44,450,000)
Additional accrual	12	-	105,000,000
At December 31		580,081,917	727,223,274

Note 17 - Notes payable

Notes payable at December 31 consists of:

	2013	2012
MHC	224,869,900	224,869,900
Prime East Properties, Inc.	50,000,000	50,000,000
T&M Holdings, Inc.	15,500,000	-
	290,369,900	274,869,900

The notes payable to MHC is an unsecured borrowing with no definite payment terms and bears interest at 12% and 18% per annum. MHC is the largest stockholder of the Parent Company.

There was a partial settlement amounted to P24 million in 2012 which was taken from the proceeds of stock rights offering in June 2012.

In 2013, the Parent Company issued notes payable to T&M Holdings, Inc., a related party, amounting to P15.5 million (2012 - nil). These new borrowings are unsecured and carry an interest rate of 15% per annum.

PrimeEast loan arose directly from reacquisition of land in Binangonan and is unsecured and have no definite payment terms.

Interest, penalties and related charges from these borrowings for the years ended December 31, 2013 and 2012 amounted to P39.7 and P39.4 million, respectively. The borrowing costs amounting to P39.7 million (2012 - P39.4 million) are capitalized as part of the cost of Investment property and Land held for development.

In 2013 and 2012, there had been no land acquired through loan.

Notes payable is presented as current liability as balance is deemed payable on demand.

Note 18 - Share capital; Earnings per share

(a) Share capital

Authorized capital at December 31, 2013 and 2012 consists of:

2013	Authorized		Issued	
	Number of Shares	Amount	Number of Shares	Amount
Common shares, at P1 par value per share				
Common shares	1,000,000,000	1,000,000,000	999,913,978	999,913,978

Movement represents new shares issued.

2012	Authorized		Issued	
	Number of Shares	Amount	Number of Shares	Amount
Common shares, at P1 par value per share				
Common shares	1,000,000,000	1,000,000,000	852,621,986	852,621,986

Class A and Class B shares have the same rights, voting powers, preferences and restrictions, except that Class A shares are restricted in ownership to citizens of the Philippines or corporations and associations at least 60% of the share capital of which is owned by citizens of the Philippines. Class B shares may be subscribed for and/or transferred to and/or owned by any person or entity. On January 27, 2012, Securities and Exchange Commission has approved the declassification of its Class A and Class B shares into one type of share without classification.

On April 14, 2010, the Philippine Stock Exchange has approved the Parent Company's stock rights offering and has generated a total of P399 million for additional 281,475,773 Class A shares and 118,524,213 Class B shares issued and fully paid.

In 2013, 147,291,992 (2012-52,622,000) new shares were issued at a price of P1 per share.

(b) Treasury shares

The Parent Company acquired some of its shares of stock as a reserve for future claims of shareholders which are shown in its transfer agent's records but not in its accounts. It is the Company's policy to honor such claims and therefore, issue the said reacquired shares to shareholders upon their presentation of the original unrecorded stock certificates.

(c) Earnings per share

Basic and diluted earnings per share is computed as follows:

	2013	2012	2011
Net income for the year	322,990,957	89,128,406	87,825,430
Divide by weighted average shares	999,913,978	824,253,044	799,999,986
Earnings per share	0.32	0.11	0.11

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

On February 19, 1996, the SEC approved the Company's application for the issuance of 40 billion shares, by way of stock rights offering, at an offer price of P0.012 per share. The Company commenced its stock rights offering on March 31, 1997. However, on July 15, 1997, the SEC revoked the Certificate of Permit to Sell Securities and ordered the Company and its custodian bank to immediately return to subscribers the proceeds from the rights offering currently held in escrow (see Note 10). The proceeds from the said offering, which were not yet claimed by the subscribers, are shown as "Liability for refund of stock rights subscription" in the liability section of the statements of financial position.

Note 19 - Salaries and employee benefits

The balance of employee benefits at December 31 consists of:

	2013	2012	2011
Salaries and wages	4,632,930	6,458,738	6,732,726
Bonus and allowances	509,033	348,824	303,832
SSS, Philhealth and HDMF	65,064	67,286	76,977
	5,207,027	6,874,848	7,113,535

The total compensation of the Company's executive officers for the years ended December 31, 2013, and 2012 amounted to P3.5 million and P4.8 million respectively (Note 24).

As at December 31, 2013, the Company has less than 10 employees. Consequently, it is exempted from complying with minimum retirement benefit under R.A. 7641.

Note 20 - Other expenses

Other expenses for the years ended December 31 follow:

	2013	2012	2011
Meeting expenses	997,019	334,954	408,310
Gasoline, oil and parking	357,194	85,315	82,329
Light and water	335,825	356,434	341,357
Medical	264,471	321,816	207,524
Association dues	254,770	254,770	288,235
Christmas expenses	180,648	199,665	167,058
Repairs and maintenance	127,151	94,440	54,009
Membership dues	116,232	104,880	47,455
Telephone, telegram and postage	97,414	104,985	103,616
Miscellaneous	1,719,710	1,865,618	413,058
	<u>4,450,434</u>	<u>3,722,877</u>	<u>2,112,951</u>

Miscellaneous expenses include contractual fees, training expenses, repairs and maintenance and other operating costs.

Note 21 - Lease commitments

The Company has entered into a non-cancellable lease agreement with a related party for its office space. The lease agreement has a term of 3 years, expiring on 2014.

Rent expense charged to operations amounts to P3.71 million in 2013 (2012 - P3.78 million). As at December 31, the minimum aggregate rental commitments for future years are as follows:

	2013	2012	2011
Within one year	3,398,126	3,707,046	3,783,412
After one year but not more than five years	-	7,414,092	14,828,184
	<u>3,398,126</u>	<u>11,121,138</u>	<u>18,611,596</u>

Note 22 - Income taxes

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

	2013	2012	2011
Current	-	-	-
Deferred	161,279,124	44,271,859	29,871,240
Provision for income tax	<u>161,279,124</u>	<u>44,271,859</u>	<u>29,871,240</u>

A reconciliation between the provision for income tax at statutory income tax rate and the actual provision for income tax at December 31 follows:

	2013	2012	2011
Income before income tax	484,270,081	133,400,265	117,696,670
Tax calculated at income tax rate of 30%	145,281,024	40,020,080	35,309,001
Effects of:			
Income subject to final tax	(1,281)	(674)	(84,086)
Unrecognized DTA on expired NOLCO	15,339,381	4,252,535	(4,601,679)
Unrecognized DTA on accruals	-	-	(763,815)
Non-deductible expenses	660,000	-	11,819
	161,279,124	44,271,941	29,871,240

The details of net deferred income tax liabilities (assets) follow:

	2013	2012
Fair value gains on investment property	353,999,970	192,920,261
MCIT	-	(199,415)
	353,999,970	192,720,846

All deferred taxes are recoverable beyond 12 months after reporting date.

The movements in deferred income tax liability arising from fair value gains on investment property are charged to profit or loss.

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

The deferred income tax assets of the Group which were not recognized as at December 31, 2013 and 2012 since management believes that these may not be recovered due to the Group's limited capacity to generate taxable income follow:

	2013	2012
Net operating loss carryover (NOLCO)	19,591,834	13,156,989
Accrued interest, penalties and related charges	51,125,232	50,485,423
Allowance for impairment losses	2,513,918	5,907,096
Accrued salaries, wages and benefits	-	6,960,000
Accrued real property taxes	8,762,475	9,116,907
	81,993,459	85,626,415

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

Year Incurred	Valid Until	2013	2012
2013	2016	51,131,270	-
2012	2015	14,174,842	14,174,842
2010	2013	29,681,789	29,681,789
2009	2012	-	14,321,214
		94,987,901	58,177,845
Expired		(29,681,789)	(14,321,214)
		65,306,112	43,856,631
Deferred income tax asset not recognized at 30%		19,591,834	13,156,989

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

The Group is liable to MCIT equivalent to 2% of gross income, as defined in the tax regulations. The details of the Group's MCIT which are recognized as deferred tax assets and can be claimed as deduction against future corporate income tax due are as follows:

Year	Valid Until	2013	2012
2012	2015	55,885	55,885

There is no MCIT paid in 2010.

Note 23 - Contingencies

The Group has contingent liabilities with respect to claims, lawsuits and taxes which are pending decision by the courts or being contested, the outcome of which are not presently determinable. Management is of the opinion that an adverse judgment in any one case will not materially affect its financial position and financial performance. Management believes that liability arising is not probable thus no provisions were made during the year.

The Group has also unbooked contingent assets pertaining to Binangonan properties. Such assets will be recognized when assets are cleared and/or under the legal and economic possession of the Group.

Note 24 - Related party transactions and balances

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

	2013		Terms and conditions
	Transactions	Outstanding balances Receivable (Payable)	
Rental expenses Investor	3,707,046	-	The transactions arise from a lease agreement with MHC, its largest stockholder (Note 22). The balance is unsecured, is payable on demand and bears no interest. The balance is unsecured, consists of several promissory notes payable with no definite payment terms and bearing interest of 12-18% per annum (Note 18).
Notes Payable, including related interest Investor	15,500,000	(240,369,900)	
Liability for land acquisition Key Management personnel	-	(82,251,920)	The balance is unsecured and bears no interest. Payable in cash on demand.
Salaries, wages and employee benefits Key Management personnel	3,500,000	-	The balance is unsecured and is payable on demand.
	2012		
	Transactions	Outstanding balances Receivable (Payable)	Terms and conditions
Rental expenses Investor	3,783,412	(357,473)	The transactions arise from a lease agreement with MHC, its largest stockholder (Note 22). The balance is unsecured, is payable on demand and bears no interest.
Notes Payable, including related interest Investor	500,000	(224,869,900)	The balance is unsecured, consists of several promissory notes payable with no definite payment terms and bearing interest of 12-18% per annum.
Liability for land acquisition Key management personnel	(5,331,080)	(82,251,920)	The balance is unsecured and bears no interest. Payable in cash on demand.
Salaries, wages and employee benefits Key management personnel	4,800,000	(23,200,000)	The balance is unsecured and is payable on demand.

Note 25 - Agrarian reform law and land use

Under the agrarian reform law currently in effect in the Philippines and the regulations issued thereunder by the Department of Agrarian Reform (DAR), land classified for agricultural purposes as at or after June 15, 1988 cannot be converted to non-agricultural use without the prior approval of DAR.

The Group obtained from concerned Government Agencies Exemption/Exclusion Orders dated August 11, 2008 and October 17, 2008 over several parcels of land with an area of 29.23 hectares and 27.97 hectares, respectively, in Binangonan, Rizal.

Land use may be also limited by zoning ordinances enacted by local government units. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant local government unit. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome. The Group's management considers it impracticable to disclose with sufficient reliability the possible financial impact surrounding the above provisions.

IRC Properties, Inc.
Schedule of Philippine Financial Reporting Standards
effective as at December 31, 2013

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

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS				
		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments		✓	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Consolidation for Investment Entities		✓	
PFRS 11	Joint Arrangements	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Consolidation for Investment Entities		✓	
PFRS 13	Fair Value Measurement	✓		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS				
		Adopted	Not Adopted	Not Applicable
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Revised)	Separate Financial Statements	✓		
	Amendments to PAS 27: Consolidation for Investment Entities	✓		
PAS 28 (Revised)	Investments in Associates and Joint Ventures	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32 (Revised)	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities		✓	
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures		✓	
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓

(3)

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS				
		Adopted	Not Adopted	Not Applicable
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 Intra-group Transactions			✓
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives			✓
	PAS 40	Investment Property		
PAS 41	Agriculture			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 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			✓

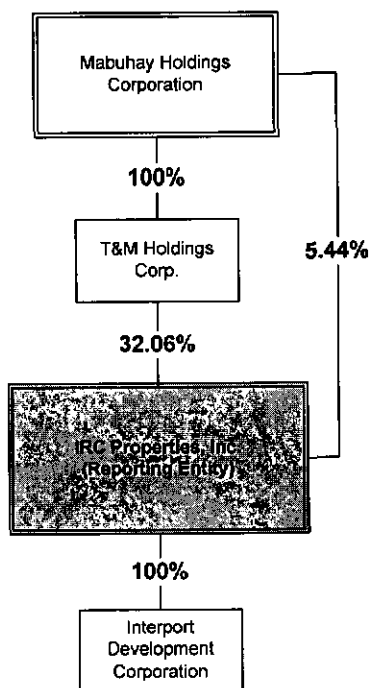
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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS				
		Adopted	Not Adopted	Not Applicable
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretation IFRIC-14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreement for the Construction of Real Estate			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

The standards and interpretations that are labeled as "Not Applicable" are already effective as at December 31, 2013 but will never be relevant/applicable to the Company or are currently not relevant to the Company because it has currently no related transactions.

The standards, amendments and interpretations that have been issued but are not yet effective as at December 31, 2013 are marked as "Not Adopted".

IRC Properties, Inc.
Map of the Group of Companies within which the Reporting Entity Belongs
December 31, 2013



IRC Properties, Inc.

Schedule A. Financial Assets
December 31, 2013

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at balance sheet date	Income received and accrued
Equitable Banking Corp.	120 shares	2,880	2,880	-
Victorias Milling Corp.	70,000 shares	-	-	-
Tower Club	1 share	617,500	617,500	-
Total		620,380	620,380	-

IRC Properties, Inc.

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	Amounts collected	Additions	Amounts written off	Current	Not Current	Balance at end of period
NONE							

IRC Properties, Inc.

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

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Interport Development Corporation	83,240,516	106,848	-	-	83,347,364	-	83,347,364
Total	83,240,516	106,848	-	-	83,347,364	-	83,347,364

IRC Properties, Inc.

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

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

IRC Properties, Inc.

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
NONE			

IRC Properties, Inc.

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
NONE		

IRC Properties, Inc.

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 statement is filed	Nature of guarantee
				NONE

IRC Properties, Inc.
Schedule H. Capital Stock
December 31, 2013

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers, and employees	Others
PCD NOMINEE CORP. (F)	455,223,031	455,223,031	-	-	-	455,223,031
T & M HOLDINGS, INC.	214,916,000	214,916,000	-	214,916,000	-	69,815,500
PRIMEEAST PROPERTIES, INC.	69,815,500	69,815,500	-	-	63,589,000	48,247,000
ASUNCION, ALEXANDER G.	63,589,000	63,589,000	-	-	-	-
PCD NOMINEE CORP. (NF)	48,247,000	48,247,000	-	47,689,200	-	-
T & M HOLDINGS, INC.	47,689,200	47,689,200	-	29,719,197	-	-
MABUHAY HOLDINGS CORPORATION	29,719,197	29,719,197	-	-	26,425,000	7,499,446
ASUNCION, ALEXANDER G.	26,425,000	26,425,000	-	-	-	-
MABUHAY HOLDINGS CORPORATION	7,499,446	7,499,446	-	-	-	-
MARILAQUE LAND, INC.	4,125,500	4,125,500	-	-	-	4,125,500
VALMORA INVESTMENT AND MGT	2,300,000	2,300,000	-	-	-	2,300,000
DEE, ALICE T.	2,165,000	2,165,000	-	-	-	2,165,000
MARILAQUE LAND, INC.	1,872,500	1,872,500	-	-	-	1,872,500
DAVID GO SECURITIES CORPORATION	1,469,000	1,469,000	-	-	-	1,469,000
TAN, PEDRO O.	1,235,000	1,235,000	-	-	-	1,235,000
EQUITY MANAGERS ASIA, INC.	1,000,000	1,000,000	-	-	-	1,000,000
MABUHAY HOLDINGS CORPORATION	942,000	942,000	-	942,000	-	-
GUPIT, JEANNETTE A.	750,000	750,000	-	-	-	750,000
GOKONGWEI JR., JOHN	642,000	642,000	-	-	-	642,000
UY, IMELDA T.	621,000	621,000	-	-	-	621,000
TAN, HENRY L.	600,000	600,000	-	-	-	600,000
Others	19,068,604	19,068,604	-	-	19,068,604	19,068,604
	999,913,978	999,913,964	-	293,266,397	97,513,446	609,134,121

IRC Properties, Inc.

Schedule H. Capital Stock
December 31, 2012

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
COMMON SHARES	1,000,000,000	999,913,964	199,913,992	293,266,397	97,513,446	609,134,121
	1,000,000,000	999,913,964	199,913,992	293,266,397	97,513,446	609,134,121

IRC Properties, Inc.
Schedule of Financial Soundness Indicators
For the Years Ended December 31, 2012 and 2013

	For the Years Ended December 31	
	2013	2012
Working Capital	485,652,779	360,693,449
Current Ratio	1.793	1.542
Quick Ratio	.059	.039
Asset to Equity Ratio	2.246	3.000
Debt to Assets Ratio	.555	.666
Debt to Equity Ratio	1.246	2.000
Gross Profit Margin	.796	.969
Operating Profit Margin	.767	.859
Net Profit Margin	.511	.574
Return on Assets	.116	.039
Return on Equity	.261	.116

COVER SHEET

- - - - - 6 0 3 1 2

SEC Registration Number

I R C P R O P E R T I E S , I N C .

(Company's Full Name)

3 5 T H F L O O R R U F I N O

P A C I F I C T O W E R 6 7 8 4 A Y A L A A V E .

M A K A T I C I T Y

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

GEORGINA A. MONSOD

Contact Person

750-2000

Company Telephone Number

SEC Form 17-Q

1 2

Month Day
Fiscal Year

3 1

FORM TYPE

Month Day
Annual Meeting

FS

Secondary License Type, If Applicable

Dept Requiring this Doc

N/A

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SEC Number 60312
File Number _____

IRC PROPERTIES, INC.
(Company's Full Name)

35F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
(Company's Address)

(02) 750-2000
(Telephone Numbers)

December 31
(Fiscal Year Ending)
(month and day)

Quarterly Report
Form Type

Amendment Designation (if applicable)

March 31, 2014
Period Ended Date

Publicly Listed Corporation
(Secondary License Type and File Number)

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q**

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

1. For the quarterly period ended : **March 31, 2014**
2. Commission Identification Number : **60312** 3. BIR Tax Identification Number : **000-464-876**
4. Exact name of registrant as specified in its charter : **IRC PROPERTIES, INC.**
5. Province, country or other jurisdiction of incorporation or organization : **Metro Manila, Philippines**
6. Industry Classification Code : (SEC Use Only)
7. Address of registrant's principal office Postal Code
35F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City **1223**
8. Registrant's telephone number, including area code : **(0632) 750-2000**
9. Former name, former address and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of shares outstanding</u>
<u>Common</u>	<u>999,888,964</u>

11. Are any or all of the securities listed on a Stock Exchange?
Yes No
If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

IRC PROPERTIES, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(All amounts in Philippine Peso)

	MARCH 2014	DEC. 2013 AUDITED	MARCH 2013
A S S E T S			
CURRENT ASSETS			
Cash on hand and in banks	P 1,524,588	P 3,630,412	P 5,100,718
Receivables, net	17,541,118	16,218,793	2,877,120
Available-for-sale financial assets	620,380	620,380	620,380
Prepayments	14,264,251	14,063,910	11,181,136
Funds held by custodian bank	15,739,138	15,722,650	15,620,519
Land held for development	1,044,865,622	1,046,511,452	988,002,386
Real properties held for sale and development	938,437	938,437	253,498
Total current assets	P 1,095,493,535	P 1,097,706,035	P 1,023,655,757
NON-CURRENT ASSETS			
Investment property	P 1,688,972,995	P 1,678,607,000	P 1,286,349,559
Property and equipment	113,713	132,566	199,256
Other assets	1,162,701	1,175,539	1,127,888
Total non-current assets	P 1,690,249,409	P 1,679,915,105	P 1,287,676,703
Total assets	P 2,785,742,944	P 2,777,621,140	P 2,311,332,460
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	P 299,610,852	P 290,169,227	P 321,682,139
Provision for clearing costs	4,241,017	5,141,017	45,782,374
Payable to the Joint Venture	448,246	291,031	
Advances due to others	10,488,430	10,359,430	10,000,000
Notes payable	293,869,900	290,369,900	274,869,900
Liability for refund of stock rights subscription	15,739,138	15,722,650	15,620,519
Total current liabilities	P 624,397,583	P 612,053,254	P 667,954,932
NON-CURRENT LIABILITIES			
Deferred tax liability	P 353,999,970	P 353,999,970	P 192,720,846
Provision for clearing costs	574,940,900	574,940,900	674,940,900
Total non-current liabilities	P 928,940,870	P 928,940,870	P 867,661,746
Total liabilities	P 1,553,338,453	P 1,540,994,124	P 1,535,616,678
EQUITY			
Share capital	P 999,913,978	P 999,913,978	P 864,155,486
Treasury shares	(14)	(14)	(14)
Fair value and other reserves	(8,943)	(8,943)	(8,943)
Retained earnings (Deficit)	232,499,470	236,721,994	(88,430,747)
Total equity	P 1,232,404,491	P 1,236,627,015	P 775,715,782
Total liabilities and equity	P 2,785,742,944	P 2,777,621,140	P 2,311,332,460

See accompanying Notes to Consolidated Financial Statements

IRC PROPERTIES, INC. AND SUBSIDIARY
STATEMENT OF INCOME AND EXPENSES

	Quarter Ending March 31				Year Ending March 31			
	2014		2013		2014		2013	
INCOME								
Share in the JV- Sunshine Fiesta	P	5,037,000	P	3,639,750	P	5,037,000	P	3,639,750
Sale of land				-				-
Interest income		615		291		615		291
Fair value gain on investment property				(1,751)				(1,751)
Total income	P	5,037,615	P	3,638,290	P	5,037,615	P	3,638,290
EXPENSES								
Cost of Sales	P	2,690,396	P	1,935,366	P	2,690,396	P	1,935,366
Commission		207,574		-		207,574		-
Interest, penalties and related charges		30		150		30		150
Salaries, wages and employee benefits		1,232,584		1,479,023		1,232,584		1,479,023
Taxes, fees and licenses		1,068,536		526,420		1,068,536		526,420
Professional fees		1,119,000		92,786		1,119,000		92,786
Transportation and travel		1,287		57,124		1,287		57,124
Rent		926,762		926,762		926,762		926,762
Office supplies		79,052		12,622		79,052		12,622
Depreciation expense		22,326		22,230		22,326		22,230
Amortization		12,837		12,837		12,837		12,837
Other expenses		1,852,825		700,666		1,852,825		700,666
Total expenses	P	9,213,208	P	5,765,986	P	9,213,208	P	5,765,986
(LOSS) INCOME BEFORE INCOME TAX	P	(4,175,593)	P	(2,127,696)	P	(4,175,593)	P	(2,127,696)
PROVISION FOR INCOME TAX		46,932		34,088		46,932		34,088
NET INCOME (LOSS) FOR THE PERIOD	P	(4,222,525)		(2,161,784)	P	(4,222,525)	P	(2,161,784)
OTHER COMPREHENSIVE LOSS		-		-		-		-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	P	(4,222,525)	P	(2,161,784)	P	(4,222,525)	P	(2,161,784)
Earnings (Loss) Per Share								
a. Basic		(0.004)		(0.003)		(0.004)		(0.003)
b. Diluted		(0.004)		(0.002)		(0.004)		(0.002)
Net Income (Loss)	P	(4,222,525)	P	(2,161,784)	P	(4,222,525)	P	(2,161,784)
Weighted Ave. Number of Common Shares Outstanding		999,913,978		864,155,486		999,913,978		864,155,486
Warrants		-		135,844,492		-		135,844,492

IRC PROPERTIES, INC. AND SUBSIDIARY
STATEMENT OF CHANGES IN EQUITY

	Quarter Ending March 31		Year Ending March 31	
	2014	2013	2014	2013
Capital Stock, beginning	P 999,913,978	P 852,621,986	P 999,913,978	P 852,621,986
Additional subscription	-	11,533,500		11,533,500
CAPITAL STOCK	P 999,913,978	P 864,155,486	P 999,913,978	P 864,155,486
RETAINED EARNINGS (DEFICIT)				
Balance beginning	P 236,721,994	P (86,268,964)	P 236,721,994	P (86,268,964)
Cumulative effect of change in accounting policy for investment property	-	-	-	-
Prior year adjustment	-	-	-	-
	P 236,721,994	P (86,268,964)	P 236,721,994	P (86,268,964)
Net income (loss)	(4,222,525)	P (2,161,784)	P (4,222,525)	P (2,161,784)
Balance at end of period	232,499,469	P (88,430,747)	P232,499,469	P (88,430,747)
	P1,232,413,447	P 775,724,739	P1,232,413,447	P 775,724,739
Treasury shares	(14)	(14)	(14)	(14)
Fair value reserve	(8,943)	(8,943)	(8,943)	(8,943)
BALANCE, END	P 1,232,404,491	P 775,715,782	P1,232,404,491	P 775,715,782

IRC PROPERTIES, INC. AND SUBSIDIARY
STATEMENT OF CASH FLOW

	Quarter Ending March 31		Year Ending March 31	
	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss) income for the period	P (4,222,525)	P (2,161,783)	P (4,222,525)	P (2,161,783)
Adjustments for:				
Fair value adjustment on investment property	-	-	-	-
Depreciation	22,326	22,230	22,230	22,230
Interest income	(615)	(291)	(291)	(291)
Miscellaneous income	-	-	-	-
Operating loss before changes in operating assets and liabilities	P (4,200,814)	P (2,139,844)	P (4,200,814)	P (2,139,844)
Changes in operating assets and liabilities				
(Increase) decrease in:				
Receivables	(1,322,325)	6,057,471	6,057,471	6,070,756
Prepayments	(200,341)	(228,979)	(228,979)	(228,979)
Real properties held for sale & development		343	343	343
Other assets	12,838	12,836	12,836	12,836
Land held for development	1,645,830	707,124	707,124	707,124
(Decrease) increase in accounts payable and accrued expenses	9,441,626	(662,116)	(662,116)	(675,401)
(Decrease) increase in payable to JV	157,216			
(Decrease) increase in provision for clearing costs	(900,000)	(6,500,000)	(6,500,000)	(6,500,000)
Advances due to others	129,000	10,000,000	10,000,000	10,000,000
Net cash used in operations	P 4,763,030	P 7,246,835	P 4,763,029	P 7,246,835
Interest received	615	291	615	291
Miscellaneous income received		-		-
Net cash used in operating activities	P 4,763,644	P 7,247,126	P 4,763,644	P 7,247,126
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of:				
Available-for-sale financial assets	P -	P -	P -	P -
Property and equipment	(3,473)			
Investment property	(10,365,995)	(14,399,408)	(14,399,408)	(14,399,408)
Decrease in provision for clearing cost non current	-	-	-	-
Net cash (used in) from investing activities	P (10,369,468)	P (14,399,408)	P (10,369,468)	P (14,399,408)
CASH FLOWS FROM FINANCING ACTIVITY				
Proceeds from issuance of notes	P 3,500,000	P	P 3,500,000	P
Proceeds from exercise of warrants	P -	11,533,500	P -	11,533,500
Payment of notes				
Net cash generated from financing activities	P 3,500,000	P 11,533,500	P 3,500,000	P 11,533,500
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS				
	P (2,105,824)	P 4,381,218	P (2,105,824)	P 4,381,218
CASH ON HAND AND IN BANKS				
Beginning balance	3,630,412	719,500	3,630,412	719,500
Balance, March 31	P 1,524,588	P 5,100,718	P 1,524,588	P 5,100,718

IRC PROPERTIES, INC. AND SUBSIDIARY**AGING OF ACCOUNTS RECEIVABLE**

As of March 31, 2014

	Amount	Current	Over 30 days	Over 60 days	Over 90 days
NON-TRADE					
LGTM Corporation	7,473,000				7,473,000
TRADE					
Hundred Lake Dev't. Corp.	12,271,275	12,271,275			
<hr/>					
SUB-TOTAL	19,744,275	12,271,275			7,473,000
OTHERS					
Receivable from JV	2,851,101	2,851,101			
Receivable from HDMF	1,138,760	1,138,760			
Advances to M. Carsula	422,000	422,000			
Advances to officer/ employees	350,000	350,000			
Refundable cash bond	237,500	237,500			
Advances to affiliates	178,793	178,793			
Other Receivable	55,000	55,000			
Advances for liquidation	21,690	21,690			
Advances to CLTSJLO	15,000	15,000			
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TOTAL	5,269,844	5,269,844			7,473,000
Less: Allowance for Probable loss	7,473,000	-	-		7,473,000
<hr/>					
TOTAL ACCOUNTS RECEIVABLE- NET	17,541,118	17,541,118	-		-

IRC PROPERTIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

IRC Properties, Inc. (Parent Company) and Interport Development Corporation (IDC), (collectively referred to as the "Company"), both domestic corporations were incorporated on February 24, 1975 and December 21, 1993, respectively. The Parent Company is primarily involved in the acquisition, reclamation, development or exploitation of land, forests, minerals, oil, gas and other resources. IDC is primarily involved in the acquisition and selling of real estate of all kinds or hold such properties for investment purposes.

On November 10, 2010, the Company entered into a contract to sell agreement with a private corporation relative to its property in Coron, Palawan to finance its development projects in Binangonan, Rizal. The clearing of Binangonan property is still the focus of the Company's operations with the goal of completely freeing from third party claims the first 455 hectares of the 2,043 hectare property. It is still addressing the Supreme Court's decision on November 21, 1991 declaring that the Company's ownership of the titles shall be "subject to the herein declared superior rights of bonafide occupants therein with lengths of possession which had ripened to ownership, the latter to be determined in an appropriate proceeding". In view of this, the Company has estimated that out of a total 2,043 hectares, 700 hectares can still be recovered from claimants. Although conservatively, the Company has recognized only 455 hectares in its books because this is the area the Company has ascertained to be recoverable in the short term.

On December 17, 2013, Royal Asia Appraisal Corporation released an appraisal report on the said property with a corresponding fair value of P1000.00/m² as of December 31, 2013 totalling to P18.951 Billion from previous appraisal of P650.00/m² or P13.431 Billion.

A joint venture housing project with Dreamhauz Management & Development Corporation is on-going for the 15-hectare project entered by the Company on August 5, 2010.

On July 25, 2012, the company entered into another Joint Development Agreement with Dell Equipment & Construction Corporation. The company contributes 8.7177 hectare property located in Binangonan, Rizal. Under the agreement, Dell shall develop the property at its own expense and the Company shall likewise have 12% share of the aggregate fair value of all the house and lot units in the project.

On September 10, 2013, the Company entered into a Contract to Sell with Hundred Lake Development Corporation, whereby the company agreed to sell its land located in Binangonan, Rizal, with an area of 183,729 square meters at P475/m². The company received P75 million as down payment upon execution of the Contract to Sell and the balance of P12,271,275.00 is payable upon the transfer of the title of the property in the name of Hundred Lake.

As at December 31, 2013, Wedgemore Property, a subsidiary of Ayala Land Inc. is pursuing the acquisition of a portion of the 2000- hectare Binangonan lot of the company. The on-going negotiations for a possible seven-year project divided into three phases are expected to be completed in the next 6 months. The entry of Ayala Land Inc. is seen to jumpstart the development of a new mixed-use community south of Metro Manila. To date, a total of 142 hectares are ready for immediate development.

No amount is spent on research and development activities for the last three (3) fiscal years.

The Company incurred a net loss of ₱4.2 million for this quarter and accumulated gains (losses) amounting to ₱ (4.2 million), ₱323 million and ₱89 million as of March 2014, December 31, 2013 and 2012, respectively.

The registered office of the Company is located at 35F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. As of this quarter, the company has eight employees and accordingly has not accrued any retirement since it is not required under RA 7641.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and Interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by SEC.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment property.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS includes Philippine Accounting Standards (PAS) and interpretations issued by the Financial Reporting Standards Council and adopted by SEC.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Parent Company and IDC, a 100%-owned subsidiary as of March 31, 2014 and December 31 2013. The Subsidiary's financial statements are prepared for the same reporting period as the Parent Company. The Company uses uniform accounting policies.

(a) Subsidiary

Subsidiary is an entity (including special purpose entities) over which the Company has the power to govern the financial and operating policies and generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between the Parent Company and the subsidiary are eliminated. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Company.

Cash on hand and in banks

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

Financial assets

The Company classifies its financial assets in to the following categories: loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Classification

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise of receivables, prepayments, funds held by custodian bank and cash on hand and in banks in the consolidated balance sheet.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities - other than those that meet the definition of loans and receivables - that management has the positive intention and ability to hold to maturity, but excluding those which were intended to be held for an undefined period.

The Company did not hold financial assets in this category.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of other categories of financial assets.

Initial recognition and derecognition

Regular purchases and sales of investments are recognized on trade-date - the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognized at fair value, and transaction costs are expensed in the statement of income. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The company decided not to early adopt PFRS 9 (2009) or PFRS (2010):

- (i) After consideration of the result of its impact evaluation, the company decided not to early adopt either PFRS 9 (2009) or PFRS 9 (2010) for its 2013 annual financial reporting because the adoption of this standard is not expected to have a material impact on the Group's financial statements which only addresses classification, measurement and recognition of financial assets and financial liabilities.

- (ii) As such, the company shall conduct early in 2014 another impact evaluation using outstanding balances as of 31 December 2013.

Subsequent measurement and determination of fair value

Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method. Unrealized gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognized in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statements of income as net realized gains or losses on financial assets.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in profit or loss; translation differences on nonmonetary securities are recognized in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in equity.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the statement of income. Dividends on available-for-sale equity instruments are recognized in the statement of income when the Company's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment

- (i) Assets carried at amortized cost

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. Individually significant financial assets are tested for impairment if there are indicators of impairment. Impairment is measured on a portfolio basis when there is indication of impairment in a group of similar assets (with similar credit characteristics) and impairment cannot be identified with an individual asset within the group. An asset that is deemed impaired on an individual basis is not subsequently included in any group of assets that is tested for impairment on a portfolio basis.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate (recoverable amount). The calculation of recoverable amount of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs of obtaining and selling the collateral, whether or not foreclosure is probable. Impairment loss is recognized in the statements of income and the carrying amount of the asset is reduced through the use of an allowance.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is

based and to remove the effects of conditions in the historical period that do not currently exist. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

An impairment charge is reversed subsequently by adjusting the allowance account if the decrease in impairment loss can be related objectively to an event occurring after the impairment loss is recognized. The amount of reversal is recognized in the statements of income in the impairment charge for credit losses.

(i) Assets classified as available-for-sale

A significant or prolonged decline in the fair value of available-for-sale securities below cost is considered in determining whether the securities are impaired. The cumulative loss (difference between the acquisition cost and the current fair value) is removed from equity and recognized in the statement of income when the asset is determined to be impaired. Impairment losses recognized on equity instruments are not reversed through the statement of income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss is reversed through the statement of income.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and where management has no intention of trading.

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is the difference between the receivable's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance and the amount of the loss is recognized in the statements of income. Bad debts are written-off in the year they are determined to be uncollectible.

Investment property and Land held for development

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

The Company's investment property, principally comprising of properties in Binangonan, Rizal are held for capital appreciation and is not occupied by the Company. Investment property was previously carried at cost, including transaction costs.

In 2008, with management's desire to reflect the true value of its properties in the balance sheet, the Company adopted fair value model in accounting its investment properties. The change has been applied retroactively. Increase in fair value of Binangonan property was again carried in 2012 due to developments on the property. Please see Note 11.

After initial recognition, investment property is carried at fair value as determined by an independent firm of appraiser. Fair value is based on market data approach, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the independent appraiser. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

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

Changes in fair values are recorded in the statement of income.

If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property and equipment and stated at cost until construction or development is complete. At that time, it is reclassified and subsequently accounted for as investment property.

142.4 hectares of the Binangonan property is intended for development as of March 31, 2014. The cost of such property and development cost is presented as land held for development.

Property and equipment

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

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

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

Office equipment	3 years
Furniture and fixtures	5 years
Transportation equipment	5 years
Communication equipment	5 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in the statements of income.

Impairment of non-financial assets

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

Accounts payable and accrued expenses

Accounts payable and other liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established. These are recognized initially at fair value and subsequently measured at amortized cost using effective interest method.

Borrowings and borrowing costs

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

Borrowing costs are generally recognized as expense in the year in which these costs are incurred, except those borrowing costs that are directly attributable to the development of the Company's properties which are capitalized as part of "Investment property" account.

The capitalization of borrowing costs commences when the expenditures and borrowing costs for the development of the project are being incurred and activities that are necessary to prepare the property for their intended use or sale are in progress. It is suspended during extended periods in which active development of the property is interrupted and ceases when substantially all the activities necessary to prepare the property for their intended use or sale are complete.

Income tax

(a) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized.

The Company reassesses at each balance sheet date the need to recognize previously unrecognized deferred income tax asset.

(b) Recent tax laws

On December 20, 2008, Revenue Regulations No. 16-2008 on the Optional Standard Deduction (OSD) was approved and implemented. The regulation prescribed the rules for the OSD application by corporations in the computation of their final taxable income. For corporations, OSD shall be 40% based on gross income; "cost of goods sold" and "cost of services" will be allowed to be deducted from gross sales.

On February 18, 2010, the BIR issued Revenue Regulations No. 2-2010. It requires a taxpayer who avails of the OSD in the first quarter of its taxable year to claim the same OSD in determining its taxable income for the rest of the year, including the final annual income tax return. Likewise, a taxpayer who avails of the itemized deduction in the first quarter of its taxable year or fails to file an income tax return for the first quarter of the taxable year shall have to claim the itemized deduction in determining the taxable income for the rest of the year, including the final income tax return. The amendment is applicable beginning annual period ended December 31, 2009.

The Company did not avail of the OSD for purposes of income tax calculation in 2013 and 2012.

Provisions

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the obligation.

Share capital

a. Common Shares

Common shares are classified as equity.

b. Treasury shares

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

Revenue and expense recognition

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

(a) Interest income and expense

Interest income and expense are recognized in the statement of total comprehensive income for all interest-bearing financial instruments using the effective interest method.

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

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

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

Interest income on bank deposits is recognized when earned.

(a) Dividend income

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

(c) Other income

Other income is recognized when earned.

(d) Expenses

Operating expenses are recognized when they are incurred.

Leases

(a) The Company is the lessor.

Properties leased out under operating leases are included in investment property in the consolidated balance sheets. Lease income is recognized over the term of the lease on a straight-line basis.

(b) The Company is the lessee

Leases, where a significant portion of the risks and rewards of ownership are retained by another

party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to income on a straight-line basis over the period of the lease.

Foreign currency transactions and translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

Earnings (loss) per share

Earnings (loss) per share is computed by dividing the net income (loss) by the weighted average number of shares outstanding during the year adjusted to give retroactive effect to any stock dividends declared during the year.

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is computed by adjusting the net income for the year attributable to common shareholders and the weighted average number of shares for the effects of all dilutive potential common shares.

There are no dilutive potential common shares as of March 31, 2014.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Parent Company has determined its President as its chief operating decision maker.

In view of the current status of the Company's operation which primarily is the ongoing developments of a portion of its land in Binangonan, the performance of the Group is being assessed as a single unit. Consequently, detailed segment reporting as required under PFRS 8 is deemed not relevant.

Related party transactions and relationships

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

Financial risk management

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

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

Market risk

a. Currency risk

The Company's transactions are generally denominated in Philippine Peso. The Company therefore is not exposed to significant foreign exchange risk.

b. Price risk

The Company is not exposed to significant price risk in its investments in equity securities classified as available-for-sale financial assets having a carrying amount of only P620,380. (See Note 7).

c. Interest rate risk

The Company's borrowings bear fixed interest rates and are carried at amortized cost. It is not exposed to either cash flow or fair value interest rate risk.

Credit risk

The Company takes on exposure to credit risk, which is the risk that a counter party will cause a financial loss to the Company by failing to discharge an obligation. Significant changes in the economy, or in the prospects of a particular industry segment that may represent a concentration in the Company's portfolio, could result in losses that are different from those provided for at the reporting date.

a. Maximum exposure to credit risk

The Company's maximum exposure to credit risk consists of the Company's cash in banks as of March 31, 2014 of P1, 509,588 (2013 – P3, 620,412) and funds held by custodian bank of P15, 739,138 (2013 – P15, 722,650).

The remaining balances of cash on hand and in banks represent cash on hand of P15, 000 and P10, 000 in 2014 and 2013 respectively.

b. Cash in banks

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

The Company's cash in banks are deposited in universal banks.

c. Receivables

Fully performing accounts receivable at March 31, 2014 represents receivable from sale of land, advances to joint venture, employees and others.

The impaired receivables are not collateralized and are long overdue. Debtors are mainly individuals without credit history reference.

d. Refundable deposits

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

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations associated with its financial liabilities when they fall due. The consequence may be the failure to meet obligations to repay creditors and fulfil commitments.

As of March 31, 2014 and December 31, 2013, apart from clearing costs (Note 14), the Company does not require intensive working capital requirements given that the Company is in joint venture agreements with developers to undertake the development of the Company's 30 hectare land in Binangonan.

On April 14, 2010, the Philippine Stock Exchange has approved the Parent Company's stock rights offering and has accumulated a total of P399 million to partially fund the development and construction of real estate development projects in its property.

On September 10, 2013, the company sold its 183,729sqm of raw land to Hundred Lake Development Corporation for a total consideration of P87, 271,275. The company received P75 million as down payment upon execution of the Contract to Sell and was used to pay clearing costs.

The maturities of financial assets and liabilities at March 31, 2014 and December 31, 2013 are detailed as follows:

	2014	2013
Assets		
Cash on hand and in bank	1,524,588	3,630,412
Receivables, net	17,541,118	16,218,793
Available-for-sale financial assets	620,380	620,380
Funds held by custodian bank	15,739,138	15,722,650
Total financial assets	35,425,224	36,192,235
Liabilities		
Accounts Payable and Accrued expenses	299,610,852	290,169,227
Notes payable	293,869,900	290,369,900
Advances due to others	10,488,430	10,359,430
Advances due to the Joint Venture	448,246	291,031
Liability for refund of stock rights subscription	15,739,138	15,722,650
Total financial liabilities	620,156,566	606,912,237

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

Funding of maturing obligation will come either from future sale of developed properties or additional advances from shareholders.

Fair value of financial assets and liabilities

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities at March 31, 2014 and December 31, 2013 presented in the balance sheets at fair value.

	Carrying Value/Fair Value	
	2014	2013
Financial assets		
Cash on hand and in bank	1,524,588	3,630,412
Receivables, net	17,541,118	16,218,793
Available-for-sale financial assets	620,380	620,380
Funds held by custodian bank	15,739,138	15,722,650
Financial liabilities		
Accounts payable and accrued expenses	299,610,852	290,169,227
Notes payable	293,869,900	290,369,900
Advances due to others	10,488,430	10,359,430
Advances due to the Joint Venture	448,246	291,031
Liability for refund of stock rights subscription	15,739,138	15,722,650

The fair values of accounts payable and accrued expenses, advances due to others and notes payable are approximately equal to their carrying amounts due to the short-term nature of the transactions.

4. **Capital management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns to its shareholders and to maintain an optimal capital structure to reduce its cost of capital. For this purpose, capital is represented by total equity as shown in the balance sheets.

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

The Company's main objective is to ensure it has adequate capital moving forward to pursue its major land development and housing projects.

In April 14, 2010, the Philippine Stock Exchange has approved the Parent Company's stock rights offering. This strengthens the Company's capital position in preparation for its planned development projects in the near future.

There are no externally imposed capital requirements on the Company.

5. Critical accounting estimates, assumptions and judgments

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Significant estimates

(a) Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar assets. In the absence of such information, the Company determines the amount within a range of reasonable fair value estimates. In making its judgment, the Company makes use of independent appraiser to determine the fair value of its investment property.

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

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

The Company's Binangonan property has an estimated market value of P1, 000 per square meter, as of March 31, 2014 and December 31, 2013.

Management expects that the value of the Binangonan property will increase significantly when clearing and horizontal developments are undertaken in the very near future.

The Company considers that it is impracticable to discuss with sufficient reliability the possible effects of sensitivities surrounding the estimation of the fair value of investment property as the major assumptions used may differ significantly. With this, it is reasonably possible, based on existing knowledge, that the outcomes within the next financial year are different from assumptions could require a material adjustment to the carrying amount of investment property.

(b) Estimate of clearing costs

As discussed in Note 14, the Supreme Court affirmed the validity of the Company's titles over its Binangonan property. The total land area is approximately 2,043 hectares. However, due to a

number of factors, including the recognition of Supreme Court over the superior rights of the bonafide occupants as well as potential challenges in clearing and re-titling of this large area of land, management has estimated that only 455 hectares is expected to be recovered/cleared and re-titled in the name of the Company as of March 31, 2014 and December 31, 2013.

Given the above, management has estimated total clearing and re-titling costs to be approximately P579,181,917 and P580,081,917 as of March 31, 2014 and December 31, 2013. This estimate is based on the existing contracts with a contractor which charges the Company P300-P350 per square meter.

The Company considers that it is impracticable to discuss with sufficient reliability the possible effects of sensitivities surrounding the provision for clearing costs as the major assumptions used may differ significantly. With this, it is reasonably possible, based on existing knowledge, that the outcomes within the next financial year are different from assumptions could require a material adjustment to the carrying amount of provision for clearing costs.

(c) Judgment

Recognition of deferred income tax assets (Note 19)

Management reviews at each reporting date the carrying amounts of deferred income tax assets. The carrying amount of deferred income tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax assets can be utilized. Management believes that the non-recognition of deferred income tax assets in 2011 of P22, 004,028 (2010 - P29, 063,464; 2009 - P29, 395,006) is appropriate due to the Company's limited capacity to generate sufficient taxable income.

6. Receivables

Receivables at March 31, 2014 and December 31, 2013 consist of:

	2014	2013
Receivables from sale of land	12,271,275	12,271,275
Receivables from joint venture	3,989,861	3,525,228
Receivables from quitclaim agreements	7,473,000	7,473,000
Advances subject to liquidation	21,690	7,290
Others	1,258,293	415,000
	25,014,119	23,691,793
Less provision for impairment	(7,473,000)	(7,473,000)
	17,541,118	16,218,793

Receivable from sale of land represents receivable from Hundred Lake Development Corporation arising from sale of 183,729 square meters of raw land. Receivable from joint venture represents receivable arising from the Group's share of the proceeds of sold units and receivable from Home Development Mutual Fund for 3% and 5% retention on power and water supply.

The Group's receivables from quitclaim agreements represent the balances of the consideration due to the Group on its agreement to transfer titles of certain parcels of land on its Binangonan property to certain third parties holding title to the same property. Under the said agreements, the third parties

concerned shall pay the Group the agreed amounts as consideration for the transfer of absolute ownership to the properties.

7. Available-for-sale financial assets

The account at March 31, 2014 and December 31, 2013 consists of:

	2014	2013
Listed	2,880	2,880
Not listed	626,443	626,443
	629,323	629,323
Allowance for impairment losses	(8,943)	(8,943)
	620,380	620,380

Listed available-for-sale financial assets pertain to an insignificant number of equity shares held with a publicly listed universal bank. Unlisted available-for-sale financial assets pertain to club membership and equity shares.

There are no available-for-sale financial asset additions and disposals at March 31, 2014 and 2013. The shares can be sold if price is commercially acceptable to the Group.

8. Prepayments

This account at March 31, 2014 and December 31, 2013 consists of:

	2014	2013
Creditable withholding tax	13,722,268	13,722,268
Input taxes	541,983	341,642
Prepaid rent		
Prepaid taxes		
	14,264,251	14,063,910

9. Funds Held by Custodian Bank

The account represents restricted fund from the proceeds of the Parent Company's stock rights offering in 1996 which were deposited with a local custodian bank. The local custodian bank is responsible for monitoring withdrawals or disbursements from the funds, and ensuring that all withdrawals and orders for payment made are in connection with, or relating to, any of the purposes specified in the work program submitted by the Parent Company to the SEC in connection with the stock rights offering.

The balance of funds held by custodian bank at March 31, 2014 and December 31, 2013 consists of:

	2014	2013
Special savings deposit	15,768,000	15,730,000
Receivables	6,899	27,528
Savings deposit	5,468	623
Payables	(41,229)	(35,501)
	15,739,138	15,722,650

Following SEC's order to refund the money, the proceeds have been presented as liability in the balance sheet. The Company does not have legal right to defer payment beyond one year, hence, presented as current liability.

There were no withdrawals from the fund during the period and 2013. (2012- nil)

10. Land Held for Development

Land held for development at March 31, 2014 and December 31, 2013 consists of:

	2014	2013
Balance at January 1	1,046,511,452	988,709,510
Additions, including capitalized interest	781,217	9,247,867
Reclassifications (to) from investment properties	(259,867)	56,247,000
Sold or transferred to completed lots	(2,167,180)	(7,692,925)
Balance at December 31	1,044,865,622	1,046,511,452

In 2010, the Group entered into a joint development project with a third party developer to develop social housing units (the Project). Under the agreement, the Group shall contribute 15.1248 hectares of cleared lots to the Project while the developer will undertake all the necessary construction, including the application for permits. The developer shall also act as the principal agent for the sale of finished housing units. The Group shall receive, as its share in the Project, an amount equivalent to 12% of the total units sold. Total share of the Group from sold units amounted to P15.9 million for the year ended December 31, 2013 (2012- P7.67 million). Total cost of lots sold amounted to P8.4 million (2012- P4.87 million).

Reclassification for 2013 includes Eastridge Property acquired from PrimeEast on March 7, 2009. PrimeEast sold the property consisting of 26 parcels of land located in Brgy. Darangan, Binangonan, Rizal with an aggregate area of 13.406 hectares for a purchase price of P46.92 million. Amount paid substantially represents clearing and retitling costs.

Relative to agreement with Wedgemore Property, a subsidiary of Ayala Land, Inc., legal due diligence of titles and tax declarations are being conducted. Reclassification for the Phase 1-A lots has been applied with the Binangonan Local Government and awaiting approval. Total cost of reclassification and DAR conversions for additional areas covered in the supplement to the Memorandum of Agreement with Wedgemore amounting to P4.98 million are being capitalized in the Land held for development.

Real properties held for sale and development amounting to P938,437 (2012- P253,841) represents completed and fully developed lots under the joint venture agreement.

11. Investment Properties

Following are the fair values of the Company's investment property at March 31, 2014 and December 31, 2013:

	Mar. 31, 2014	Dec. 31, 2013
Binangonan property	1,688,972,995	1,678,607,000

The Company's investment property as at December 31, 2013 and 2012 is situated in Binangonan, Rizal with fair value amounting to P1.679 billion (2012 - P1.272 billion). The property was acquired in 1978 primarily for the development of a subdivision project. These properties have a total area of about 2,043 hectares and were registered in the Company's name under various Transfer Certificate of Titles.

On November 21, 1991, the Supreme Court affirmed previous decisions by the Court of Appeals and the Regional Trial Court confirming the validity of the Group's titles over its Binangonan property. However, in the same Supreme Court decision, it was also declared that the Group's ownership of the titles shall be subject to the declared superior rights of bonafide occupants with registered titles within the area covered by the questioned decree and bonafide occupants therein with lengths of possession which had ripened to ownership. The area of present claimants to certain parcels of land within the Group's titled property is currently being identified and verified by the Group's legal counsel. As of March 31, 2014, the Group estimates to incur over P579, 181,917 (2013 – P580, 081,917) in connection with the settlement of titles with bonafide occupants as well as land clearing in the Binangonan property as discussed above.

In 2013, the Group sold parcels of its investment property located in Binangonan to Hundred Lake with a carrying amount of P119.42 million for P87.27 million. The disposal of the property resulted in a loss of P32.15 million.

Total borrowing costs capitalized at December 31, 2013 amounts to P125, 789,663 (2012 – P86, 110,918).

The movements in fair value of investment property at March 31, 2014 and December 31, 2013 are summarized as follows:

	2014	2013
Balance at January 1	1,678,607,000	1,271,950,151
Additions, including capitalized interest	10,365,995	44,730,619
Reclassification from (to) Land held for development	-	(56,247,000)
Disposal of property		(119,423,850)
Total	1,688,972,995	1,141,009,920
Fair value gain (loss)	-	537,597,080
Fair value	1,688,972,995	1,678,607,000

Increase in fair value of the investment property is due to ongoing developments on the property. The fair value is expected to increase significantly when all development plans are completed. Additions refer to capitalized borrowing costs resulting from the said developments and clearing costs for farmer beneficiaries.

Deductions refer to the cost of 18.37 hectares of raw land sold to Hundred Lake Development Corporation which is recorded at appraised value of P650 per square meter. The property was sold on September 10, 2013 at P475 per square meter. The Group received P75 million as down payment upon execution of the Contract to Sell and the balance of P12,271,275 is payable upon the transfer of title of the property to the buyer.

On December 29, 2010, the Company entered into an agreement with PrimeEast under Memorandum of Agreement to continue acquiring more rights of other parties to certain portions of

the Company's lots in Binangonan, Rizal with an aggregate area of 74.3026 hectares. The total amount reclassified to land held for development amounts to P223 million representing P300 per square meter as its deemed cost. Amount reclassified represents land intended for future development.

Under the 2008 MOA between the parent company and PrimeEast, PrimeEast, together with BLC, transferred in favor of the Company all of their rights and interests over certain lots located in Binangonan, Rizal, containing an area of 50.84 hectares in consideration for the Company's payment of P177.00 million. The Company paid P32 million as of December 31, 2008. Payment term for the balance is not fixed, thus considered due and demandable at balance sheet date. The Company paid the balance thru the proceeds of stock rights in June 2010.

In 2012, the Company identified additional 30 hectares of land that can be recovered/cleared and re-titled in the name of the Company. Additional provision for clearing costs amounting to P105 million pertaining to the 30 hectares of land is recognized. The increase in investment property and additional provision are considered as non-cash transactions.

12. Property and equipment

Details and movements of property and equipment as of and for the period ended March 31, 2014 and December 31, 2013 follow:

	Office equipment	Furniture (18) and fixtures	Transportation equipment	Communication equipment	Total
Cost					
Balances at January 1, 2012	2,084,354	2,122,399	431,818	202,278	4,840,849
Additions	-	-	-	-	-
Balances at December 31, 2012	2,084,354	2,122,399	431,818	202,278	4,840,849
Additions	-	-	-	-	-
Balance at December 31, 2013	2,084,354	2,122,399	431,818	202,278	4,840,849
Additions	-	-	-	-	-
Balances at January 1, 2014	2,084,354	2,122,399	431,818	202,278	4,840,849
Additions	3,473	-	-	-	3,473
Balance at March 31, 2014	2,087,827	2,122,399	431,818	202,278	4,844,322
Accumulated depreciation					
Balances at January 1, 2012	1,939,277	1,955,041	431,817	202,273	4,528,408
Depreciation	44,224	46,731	-	-	90,955
Balances at December 31, 2012	1,983,501	2,001,772	431,817	202,273	4,619,363
Depreciation	42,189	46,731	-	-	88,920
Balances at December 31, 2013	2,025,690	2,048,503	431,817	202,273	4,708,283
Depreciation-2014	10,644	11,683	-	-	22,327
Balances at March 31, 2014	2,036,334	2,060,186	431,817	202,273	4,730,610
Net book value					
December 31, 2013	58,664	73,896	1	5	132,566
March 31, 2014	51,493	62,213	1	5	113,712

13. Other Assets

Other assets at March 31, 2014 and December 31, 2013 consist of:

	2014	2013
Security deposits	1,007,762	1,007,763
Computer software, net	92,890	105,726
Others	62,050	62,050
	<u>1,162,702</u>	<u>1,175,539</u>

14. Accounts payable & accrued expenses, provision for clearing costs and liability for land acquisition

Accounts payable & accrued expenses consist of:

	Note	2014	2013
Liability for land acquisition		82,251,920	82,251,920
Accounts payable		5,247,941	5,247,941
Accrued expenses and other payables			
Interest, penalties and related charges		180,783,433	170,417,438
Real property taxes		28,607,547	29,208,251
Payable to government agencies		52,770	209,589
Salaries, wages and benefits			97,747
Office Rental			
Professional fees		976,038	976,038
Others		1,691,203	1,760,303
		<u>299,610,852</u>	<u>290,169,227</u>

Liability for land acquisition represents the outstanding payable to PrimeEast which are payable on demand.

Interest, penalties and related charges represent interest arising from Company's notes payable to MHC, Marilaque Land, Inc., T & M Holdings, Inc. and TPHC (Note 15) bearing annual interest ranging from 12% to 22%.

In 2011, the Company recorded a reversal of accrued interest and penalties amounting to P32.93 million pertaining to notes payable to Penta Capital Investment Corporation, the principal of which was paid in 2010. The reversal took place after the creditor signed a waiver condoning all the unpaid interest.

In 2012, the Parent Company recorded a reversal of accrued interest, which was previously capitalized as part of investment properties, amounting to P15.51 million related to notes payable to PrimeEast Properties, Inc. The reversal took place after the creditor signed a waiver condoning all the unpaid interest. The reversal is considered as non-cash transaction.

Provision for clearing costs represents the Company's expected cost to clear a portion of its Binangonan property from bonafide occupants with superior rights over the Company's investment property (see Note 11). The amount is based on estimated clearing and titling cost of P300 to P350 per square meter consistent with the agreement with PrimeEast, the contractor. Such amount represents the peso value (net present value) at each reporting date as quoted by PrimeEast.

Expected timing of actual cash flow as of March 31, 2014 and December 31, 2013 follows:

	2014	2013
Within 1 year (current)	4,241,017	5,141,017
2 to 3 years	354,940,900	354,940,900
4 to 5 years	220,000,000	220,000,000
Total noncurrent, net of current portion	574,940,900	574,940,900
	579,181,917	580,081,917

15. Notes payable

Notes payable at March 31, 2014 and December 31, 2013 consist of:

	2014	2013
Mabuhay Holdings Corporation	224,869,900	224,869,900
Prime East Properties, Inc.	50,000,000	50,000,000
T & M Holdings, Inc.	15,500,000	15,500,000
Tagaytay Properties Holdings Corp.	3,500,000	
	293,869,900	290,369,900

The notes payable to Mabuhay Holdings Corporation (MHC) is an unsecured borrowing with no definite payment terms and bears interest at 12-18% per annum. MHC is the largest shareholder of the Parent Company.

There was a partial settlement amounted to P24 million in 2011 which was taken from the proceeds of stock rights offering in June 2011.

In 2013, the Parent Company issued notes payable to T&M Holdings, Inc., a related party, amounting to P15.5 million. These new borrowings are unsecured and carry an interest rate of 15% per annum.

During the first quarter, the Company issued another promissory note to Tagaytay Properties Holdings Corp. amounting to P3.5 million with 15% interest rate per annum.

PrimeEast loan arose directly from reacquisition of land in Binangonan and is unsecured and have no definite payment terms.

Interest, penalties and related charges from these borrowings for the period ended March 31, 2014 and December 31, 2013 amounted to P10.4 million and P39.7 million, respectively. The borrowing costs amounting to P10.4 million (2013 – P39.7 million) are capitalized as part of the cost of Investment property.

Notes payable is presented as current as balance is deemed payable on demand.

16. Share capital; Earnings per share

(a) Share capital

Details of share capital at March 31, 2014 consist of:

2014	Authorized		Issued	
	Number of Shares	Amount	Number of Shares	Amount
Common shares, at P1 par value per share	1,000,000,000	1,000,000,000	999,913,978	999,913,978
Total	1,000,000,000	1,000,000,000	999,913,978	999,913,978

On April 14, 2010, the Philippine Stock Exchange has approved the Parent Company's stock rights offering and has generated a total of P399 million for additional 281,475,773 Class A shares and 118,524,213 Class B shares issued and fully paid.

On January 27, 2012, the Securities and Exchange Commission has approved the declassification of common Class A and Class B shares into one type of common shares of the company.

There were no new shares issued during the quarter (2013- 147,291,992).

(b) Treasury shares

The Company acquired some of its shares of stock as a reserve for future claims of shareholders which are shown in its transfer agent's records but not in its accounts. It is the Company's policy to honor such claims and therefore, issue the said reacquired shares to shareholders upon their presentation of the original unrecorded stock certificates.

(c) Earnings per share

Loss per share (basic and diluted) is computed as follows:

	2014	2013	2012
Net (loss) income for the year	(4,222,525)	(47,712,791)	89,128,406
Divide by weighted average shares	999,913,978	999,913,978	852,621,986
Basic Income (Loss) per share	(.004)	(.048)	0.10
Diluted Income (Loss) per share	(.004)	(.048)	0.09

There are 147,377,992 warrants that are considered dilutive potential common shares as of December 31, 2012. There are no dilutive potential common shares as of March 31, 2014.

In 1997, the Securities and Exchange Commission (SEC) approved the change of the par value of shares of stock from P0.01 to P1. The said change was approved by the Philippine Stock Exchange (PSE) on August 8, 2008. The Company has additional share issuance of 199,913,992 shares after its initial public offering, arising from the exercise of warrants. The exercise period of bonus warrants had lapsed on June 18, 2013.

On February 19, 1996, the SEC approved the Company's application for the issuance of 40 billion shares, by way of stock rights offering, at an offer price of P0.012 per share. The Company commenced its stock rights offering on March 31, 1997. However, on July 15, 1997, the SEC revoked the Certificate of Permit to Sell Securities and ordered the Company and its custodian bank to immediately return to subscribers the proceeds from the rights offering currently held in escrow (see Note 9). The proceeds from the said offering, which were not yet claimed by the subscribers,

are shown as "Liability for refund of stock rights subscription" in the liability section of the consolidated balance sheets.

17. Fair value and other reserves

	2014	2013
Cost of shares reserved for future claims	(14)	(14)
Reserve for fluctuation in market value of listed securities	(8,943)	(8,943)
	<u>(8,957)</u>	<u>(8,957)</u>

18. Contingencies

The Company has contingent liabilities with respect to claims, lawsuits and taxes which are pending decision by the courts or being contested, the outcome of which are not presently determinable. Management is of the opinion that an adverse judgment in any one case will not materially affect its financial position and financial performance. Management believes that liability arising is not probable thus no provisions were made during the period.

The Company has also unbooked contingent assets pertaining to Binangonan properties. Such assets will be recognized when assets are cleared and/or under the legal and economic possession of the Company.

19. Related party transactions and employee benefits

In the normal course of business, the Company has transactions with its major shareholders and related parties under common control. Related parties where the Company made transaction during the year were Mabuhay Holdings Corporation and its subsidiaries and PrimeEast Properties, Inc.

Significant related party transactions are discussed in Notes 10, 11, 14, and 15 to the financial statements.

Related party transactions, except those mentioned in Notes 10, 11, 14, and 15 are due within 30 days or payable on demand.

Lease commitments

The Company has entered into a non-cancellable lease agreement with a related party for its office space. The lease agreement has a term of 3 years, expiring on 2014.

Rent expense charged to operations amounts to P.9 million in 2014 (2013 – P3.7 million; 2012 - P3.7 million). As at March 31, 2014 and 2012, the minimum aggregate rental commitments for future years are as follows:

	2014	2013
Within one year	1,652,725	3,398,126
After one year but not more than five years	<u>1,652,725</u>	<u>3,398,126</u>

Salaries and employee benefits

Details of salaries, wages and employee benefits for the period ended March 31, 2014 and March 31, 2013 follow:

	2014	2013
Salaries and wages	1,092,417	1,422,103
Bonus and allowances	118,482	56,920
SSS, Philhealth and HDMF	21,685	16,727
	1,232,584	1,495,750

The total compensation of the Company's executive officers for the period ended March 31, 2014 and March 31, 2013 amounted to P600,000 and P1 million respectively.

There are no share-based payments to key management personnel nor are there any outstanding stock options.

As at March 31, 2014, the Company has less than 10 employees. Consequently, it is exempted from complying with minimum retirement benefit under R.A. 7641.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(For the Quarter Ended March 31, 2014)

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

The Company is currently in the real estate development business after having shifted away from its oil exploration activities. Its concentration is in the development of its approximately 2,200 hectare property in Binangonan, Rizal. The property is titled and is registered in the name of the Company.

After its successful stock rights offering on June 2010 that generated a total amount of P400M, the Company is in full gear to undertake the development of its Binangonan Property. On August 5, 2010, IRC entered into a Joint Venture Agreement with Dreamhauz Management and Development Corporation (DMDC) for the development of a 150,000 square meter land of the Corporation in Binangonan, Rizal, into a residential subdivision called Sunshine Fiesta Subdivision. From the total 869 units in the Sunshine Fiesta project, 103 units are assigned to IRC, representing the 12% share of the company. Of these 103, 67 have been sold including one cash sale as of March 31, 2014. Total contract price of P44,020,150 taken out from Home Development Mutual Fund (Pag-IBIG) and P664,200 from cash sale brings to total revenue of P44,684,350 as of March 31, 2014.

As for Fiesta Casitas Subdivision, a joint venture project with Dell Equipment and Construction Corporation, 123 units out of 1,015 units are assigned to IRC, representing the 12% share of the company. The expected total revenues for the 123 IRC-assigned units are estimated at P97,600,000 with an average sale of P800,000 per unit.

Design planning for Eastridge residences is on hold as prospective investors are being eyed for the project. The company is talking to a possible investor (Japanese group) to develop the condominium project.

Management believes that these projects will generate significant amount of sustainable income stream and operating cash flows to the Company. There is a huge demand for housing in the region and the property is well situated in relation to the future growth direction of the metropolis.

On January 27, 2012, the Securities and Exchange Commission (“SEC”) approved the Amended Articles of Incorporation of the Company. The amendments covered change of its corporate name to IRC Properties, Inc., changes in the primary purpose and declassification of stock.

On September 10, 2013, the company sold 18.37 hectares of raw land with a total consideration of P87, 271,275. The company receives P75 million proceeds from the sale upon execution of the Contract to Sell which was used in paying clearing costs.

As at March 31, 2014, Wedgemore Property, a subsidiary of Ayala Land Inc. is pursuing the acquisition of a portion of the 2000- hectare Binangonan lot of the company. The on-going negotiations for a possible seven-year project divided into three phases are expected to be completed in the next 3 months. The entry of Ayala Land Inc. is seen to jumpstart the development of a new mixed-use community south of Metro Manila.

Presently, the Company has a total of eight (8) personnel excluding the Chairman, President and Corporate Secretary. Management intends to hire additional personnel as need arises.

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

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

The Company's equity position is in compliance with the minimum statutory requirements applicable to public companies.

Financial Condition

Interim Report (March 31, 2014)

The Company employed total assets of P2, 785,742,944 financed by total liabilities of P1, 553,338,453 and total stockholders’ equity of P1, 232,404,491. Noncurrent assets amounted to P1, 690,249,409 consisting of investment property, property and equipment (net of accumulated depreciation) and other assets. Current assets stood at P1, 095,493,535.

Results of Operation

A comparative review of the Company’s financial operations for the quarter ended March 31, 2014 *vis-à-vis* the same period last year showed the following:

Total income was higher by P1, 399,325 or 38% mainly due to the increase in sale of units in the joint venture project on the first quarter of 2014. Total cost and expenses increased by P3, 447,222 or 60% mainly due to the corresponding increase in cost of land arising from the sale of units, allocated incidental costs and brokers' commission. The increase in cost of sales was also due to the payment of legal fees for revocation and cancellation of Memorandum Order of the LRA pertaining to the annotation on Transfer Certificate of Titles and security services fee for the Company's properties in Binangonan, Rizal.

For the year ending March 31, 2014 vs. year ending March 31, 2013, total revenue is likewise higher by 38% or P1, 399,325 due to the sale of units in the joint venture project with matching increase in the total cost and expenses by 60% or P3, 447,222.

Material changes (March 31, 2014 vs. December 31, 2013)

Cash decreased by 58% or in the amount of P2.1 million mainly due to the payment of office rental, annual listing fees, partial clearing costs and legal fees for the revocation and/ or cancellation of Memorandum of Order of the LRA pertaining to the annotation of TCTs.

Receivables increased by P1.3 million or 8% largely due to the Pag-Ibig retentions and advances to Dreamhauz Management and Development Corp. arising from sale of units in the joint venture project.

Property and equipment decreased by 14% or P18 thousand due to depreciation.

Provision for clearing costs- current portion decreased by P900 thousand or 18% due to the partial payment of land clearing costs.

Payable to Joint Venture increased by 54% or 157 thousand due to the additional house construction cost and annotation of DOA on sale of units at blocks 28-35 of Sunshine Fiesta Subdivision assigned to IRC Properties, Inc.

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

Discussion of Material Events/Uncertainties Known to Management that would Address the Past and Impact on Future Operations

- a. Apart from land clearing cost discussed in Note 14, the Company does not have any material commitment for capital expenditures, in the short-term. It is not under any pressing obligation to pay its advances to affiliates. The Company has enough resources to cover payment of liabilities through the sale of some of its properties.
- b. The Management does not foresee any event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- c. The Company does not have any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships with unconsolidated entities or other persons created during the reporting period.

- d. The Management is not aware of any known trends, demands, commitments, events or uncertainties that have had or that are reasonably expected to have a material favourable or unfavourable impact on the company's liquidity, net sales or revenues or income from continuing operations.
- e. The Company does not have any significant elements of income or loss that did not arise from the company's continuing operations.

REGISTRANT'S COMPARATIVE FINANCIAL SOUNDNESS INDICATORS

	Mar. 31, 2014	Mar. 31, 2013	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Working Capital	471,095,952	355,700,825	485,652,780	360,693,449	404,274,999
Current Ratio	1.754	1.533	1.793	1.542	1.604
Quick Ratio	.058	.037	.059	.039	.031
Asset to Equity Ratio	2.260	2.980	2.246	3.000	3.222
Debt to Assets Ratio	.558	.664	.555	.666	.690
Debt to Equity Ratio	1.260	1.980	1.246	2.000	2.222
Gross Profit Margin	.466	.47	.796	.969	.941
Operating Profit Margin	-nil-	-nil-	.767	.859	.778
Net Profit Margin	-nil-	-nil-	.511	.574	.580
Return on Assets	-nil-	-nil-	.116	.039	.044
Return on Equity	-nil-	-nil-	.261	.116	.141
Interest Coverage Ratio	-nil-	-nil-	-nil-	-nil-	-nil-

Current/ Liquidity Ratios- shows the ability of the company to pay off its debts over the next year.

Working Capital- computed as current assets minus current liabilities.

Current Ratio- computed as current assets divided by current liabilities.

Quick Ratio- computed as current assets minus prepayments and land held for development divided by current liabilities.

Solvency Ratios- measure the company's ability to pay all debts, particularly long term debts.

Debt to Equity- computed as total liabilities divided by total equity.

Debt to Assets- computed as total liabilities divided by total assets.

Asset to Equity Ratio- measures financial leverage and long- term solvency. It shows how much of the assets are owned by the company. It is computed as total assets divided by stockholders' equity.

Interest Coverage Ratio- measures the company's ability to pay its interest charges. It is computed as income before income tax and interest expense divided by interest payments

Profitability Ratios

Gross Profit Margin- shows how much of the company's revenue remains after the cost of sales. It is computed as gross profit divided by sales.

Operating Profit Margin- measures the amount of money that remains after paying sales and operating expenses. It is computed as earnings before taxes and interest divided by sales.

Net Profit Margin- shows the money remaining after paying all expenses. It is computed as net profit divided by sales.

Return on Assets- measures how effectively the company uses its assets to create revenue. It is computed as net income divided by total assets.

Return on Equity- measures how much money the company have earned on its investment. It is computed as net income divided by stockholders' equity.

REPORT ON SEC FORM 17-C:

<u>Date</u>	<u>Particulars</u>
March 28, 2014	Clarification and/ or confirmation on news article entitled "ALI acquires 20 hectares Binangonan lot from IRC Properties" posted in philSTAR.com.

PART II – OTHER INFORMATION

ITEM 4 - NON-APPLICABILITY OF OTHER SEC-REQUIRED NOTES

Notes required to be disclosed but are not applicable to the Registrant are indicated below:

- a. Assets Subject to Lien and Restrictions on Sales of Assets
- b. Changes in Accounting Principles and Practices
- c. Defaults
- d. Preferred Shares
- e. Pension and Retirement Plans
- f. Restrictions which Limit the Availability of Retained Earnings for Dividend Purposes
- g. Significant Changes in Bonds, Mortgages and Similar Debt
- h. Registration with the Board of Investments (BOI)
- i. Foreign Exchange losses Capitalized as part of Property, Plant & Equipment
- j. Deferred Losses Arising from Long-Term Foreign Exchange Liabilities
- k. Segment Reporting
- l. Disclosure not made under SEC Form 17-C: None

ITEM 5- RECOGNITION OF IMPACT OF THE FOLLOWING NEW STANDARDS

The following new standards do not have and are not expected to have a material impact on the Group's financial statements.

	Adopted/Not adopted/ Not applicable
a. Separate Financial Statements PAS 27 (Amended)	Adopted
b. Investments in Associate and Joint Venture PAS 28	Adopted
c. Government Loans (Amendments to PFRS 1)	Not applicable
d. Disclosure-Offsetting Financial Assets and Financial Liabilities (Amendments to PFRS 7)	Adopted
e. Consolidated Financial Statements (PFRS 10)	Adopted
f. Joint Arrangements (PFRS 11)	Adopted
g. Disclosure of Interests in Other Entities (PFRS 12)	Adopted
h. Fair Value Measurement (PFRS 13)	Adopted
i. Financial Instruments (PFRS 9)	Not Adopted

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

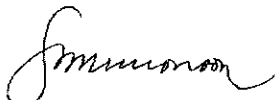
Issuer: IRC PROPERTIES, INC.



ESTEBAN G. PENA SY
Chairman



ALEXANDER G. ASUNCION
President



GEORGINA A. MONSOD
Treasurer