

**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

Month

3 1

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



August 18, 2015

**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 September 10, 2015, Thursday at 3:00 p.m. at the Leyte and Samar Rooms, Sofitel Philippine Plaza Manila, CCP Complex, Pasay City, with the following agenda:

1. Call to Order
2. Proof of notice and certification of quorum
3. Approval of the minutes of the previous meeting of the stockholders
4. Management report and approval of the 2014 audited financial statements
5. Ratification of resolutions, contracts and acts of the Board of Directors and Management
6. Issuance to Rizal Partners Co. Ltd. of 127,200,000 common shares with par value of Php1.00 per share through private placement to be taken from an increase in the Corporation's authorized capital stock from Php1 billion to Php1.5 billion, at the subscription price of Php1.40 per share. (Comprehensive Corporate Disclosure on the private placement is attached to the Definitive Information Statement).
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 July 31, 2015 are entitled to notice and to vote during the said meeting.

Registration for the said meeting starts at 2:00 p.m. For convenience in registering your attendance, please have available some form of identification, such as, driver's license, voter's ID, TIN card, SSS card or passport.

**WE ARE NOT ASKING YOU FOR A PROXY.** However if you send us one, the Corporate Secretary must receive the same at the office of the Corporation at 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, not later than August 31, 2015. Corporate Stockholders should attach to the proxy their respective Board Resolutions vis-à-vis the authority of their proxies. When signing as attorney-in-fact, executor, administrator, guardian or in any representative capacity, please give full title and file papers showing your authority. Validation of proxies shall be held on September 4, 2015 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

Office  
Landline  
Website

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

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. **September 10, 2015, Thursday at 3:00 p.m. at the Leyte and Samar Rooms, Sofitel Philippine Plaza Manila, CCP Complex, Pasay City.**

Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders **August 18, 2015**

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 September 10, 2015, Thursday at 3:00 p.m. at the Leyte and Samar Rooms, Sofitel Philippine Plaza Manila, CCP Complex, Pasay City.

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

The approximate date on which this Information Statement is first to be sent or given to stockholders is on August 18, 2015.

**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, however, 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 which may give rise to a possible exercise by security holders 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 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.

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 July 31, 2015, the Record Date:

Common shares	-	999,888,964
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Of the said subscribed and outstanding shares, 37,257,872 shares or 3.73% are owned by foreigners, while 962,631,092 or 96.27% 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.
- (c) The Record Date is on July 31, 2015. All stockholders of record as July 31, 2015 are entitled to notice and to vote at the Annual Stockholders' Meeting.
- (d) Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

Stockholders owning more than 5% of the Registrant's shares of stocks as of July 31, 2015:

<b>Title of Class</b>	<b>Name And Address Of Record Owner And Relationship With Issuer</b>	<b>Beneficial Owner and Relationship with Record Owner</b>	<b>Citizenship</b>	<b>No. of Shares Held</b>	<b>Percent</b>
Common	PCD Nominee Corporation (F)* G/F MSE Building 6767 Ayala Avenue, Makati City Stockholder	Wealth Securities, Inc.	Filipino	469,600,031	46.97
Common	T&M Holdings, Inc.** 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City Stockholder	T&M Holdings, Inc.	Filipino	262,605,200	26.26
Common	Alexander G. Asuncion President and Stockholder	Alexander G. Asuncion	Filipino	90,014,000	9.00
Common	PrimeEast Properties, Inc.*** Stockholder	PrimeEast Properties, Inc.	Filipino	69,815,500	6.98
<b>TOTAL</b>				892,034,732	89.21

\* Out of the total shares held by PCD, 66,748,700 shares are in the name of Wealth Securities, Inc. which is the only participant under the PCD (F) that owns 5% or more of the Company's voting stock. Registrant is not yet aware of the identity of the proxies, if any, of the above-named stockholder 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 July 31, 2015:

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>		<b>Amount and Nature of Beneficial Ownership (All direct ownership unless otherwise indicated)</b>	<b>Citizenship</b>	<b>Percent of Ownership</b>
Common	Esteban G. Peña Sy Director/Chairman of the Board and CEO		250- Direct; 592,000- Indirect	Filipino	0.0592
Common	Alexander G. Asuncion President		90,014,000- Direct; 26,692,000- Indirect	Filipino	11.67
Common	Gil Miguel T. Puyat Director		11,000	Filipino	.0011
Common	Roberto V. San Jose Director		1,000	Filipino	.00010
Common	Frisco F. San Juan Director		1,000-Direct; 200,000-Indirect	Filipino	.02010
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. Supaña 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
<b>Total</b>			<b>117,534,200</b>		<b>.11754</b>

(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, 68, 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, 53, 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, 73, 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**, 49, 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, 57, 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, 75, 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 71, 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, 77, 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**, EVP/Treasurer and Compliance Officer. Ms. Monsod, 60, 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**, SVP/Assistant Treasurer/CFO and Compliance Officer. Ms. Molina, 58, 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, 57, 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.

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. Syyp       | - | 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 2015-2016 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. Syyap	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.

(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 110,170,500 shares of the Company. Mr. Alexander G. Asuncion, a director and President of the Company, is also a director and the Vice Chairman 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, 2014, 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 37,218,643 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 214,916,000 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 30 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 Syyap, Chairman, Vice Chairman, President and Director, respectively, of DELL Equipment, are also directors of the Company. Mr. Alexander G. Asuncion, a stockholder and Vice Chairman 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 directors and executive officers for the last two (2) fiscal years and for 2015 are as follows:

Name	Position	Year	Salary	Bonus	Other Annual Compensation
Esteban G. Peña Sy	Chairman & CEO, Director				
Alexander G. Asuncion	President, Director				
Georgina A. Monsod	EVP/Treasurer, Director				
Araceli C. Molina	SVP/Asst. Treasurer and CFO				
Aggregate compensation (all officers and directors as a group)		2015 (estimated)	P6.8M	None	None
		2014	P4.5M	None	None
		2013	P4.0M	None	None
Note: Registrant has no other directors and officers receiving compensation 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, has been re-appointed as external auditor during last year's annual stockholders' meeting held on July 29, 2014.

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, 2014 and 2013, respectively.

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

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, EVP/Treasurer and the Audit Committee recommended to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. The Board of Directors approved the recommendation for the appointment of the external auditor which has been approved/ratified by the stockholders at the annual stockholders' meeting held last July 29, 2014.

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

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

**C. ISSUANCE AND EXCHANGE OF SECURITIES**

**Item 9. Authorization or Issuance of Securities Other than for Exchange**

(a) Title and amount of securities to be authorized or issued.

To be presented for stockholders' ratification is the issuance to Rizal Partners Co. Ltd. Of 127,200,000 common shares with a par value of Php1.00 per share through private placement to be taken from an increase in the Corporation's authorized capital stock from Php1 billion to Php1.5 billion, at the subscription price of Php1.40 per share. The increase of the Corporation's authorized capital stock and the issuance of shares in connection therewith have previously been duly approved by the stockholders and the Board of Directors and disclosed to the SEC and the Philippine Stock Exchange (PSE). In compliance with the Listing Rules of the PSE, a copy of the Comprehensive Corporate

Disclosure on the issuance of said shares through private placement as filed with the PSE is attached to this Definitive Information Statement.

(b) Rights of common shares to be issued.

The common shares to be issued shall have the same rights and privileges, such as the right to vote, the right to dividend in proportion to their respective stockholdings, and the right of inspection, as all the existing common shares of the Corporation. Similar to all the existing common shares of the Corporation, the common shares to be issued are denied their pre-emptive rights as expressly provided in the Corporation's Articles of Incorporation.

(c) Other material rights of common shares to be issued.

The common shares to be issued have no other material rights than those mentioned above.

(d) Provisions in the charter of by-laws that would delay, defer or prevent change of control.

There are no provisions in the Corporation's articles of incorporation and by-laws that would delay, defer or prevent a change of control of the Corporation.

(e) Nature, amount and use of consideration or proceeds for the issuance of common shares.

The consideration for the issuance of the common shares amounts to Php178,080,000.00 which has already been paid to the Corporation by the subscriber in cash. The net proceeds for the issuance of common shares will be devoted for the following purposes:

Real estate development projects	-	Php 50,000,000
Clearing of land		2,500,000
Payment of advances and loans		117,580,000
Administrative expenses (e.g., listing, Capital increase, exemption from registration)		2,500,000
		-----
<b>Total</b>		<b>Php178,080,000</b>
		=====

(f) Reason for the proposed authorization or issuance and general effect on the rights of existing security holders.

The common shares to be issued through private placement for cash have previously been authorized or approved by the stockholders and the Board of Directors of the Corporation. The issuance of said common shares would have the general effect of diluting the equity interest of the existing stockholders by 11.3% per cent.

## **D. OTHER MATTERS**

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

- (a) Approval of the minutes of the 2014 annual stockholders' meeting
- (b) Approval of annual report of management and 2014 financial statements

Approval of the minutes of the 2014 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 2014 annual stockholders' meeting and reflected in the minutes thereof were the following: (a) approval of the 2013 management report and 2013 audited financial statements; (c) ratification of corporate acts; (d) election of directors; and (e) 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 2014 annual report of management and the 2014 audited financial statements will constitute a ratification of the Company's performance during the preceding year as contained or reflected in said annual report and financial statements.

### **Item 18. Other Proposed Actions**

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

Resolutions, contracts and acts of the board of directors and management for ratification refer to those passed or undertaken by them during the year and for the day to day operations of the Company as contained or reflected in the annual report and financial statements. These included, among others, the election of officers and composition of corporate governance committees as previously disclosed to the Securities and Exchange Commission and the Philippine Stock Exchange, amendment of the Articles of Incorporation to provide for the denial of pre-emptive right, setting of a special stockholders' meeting to approve said amendment, compromise agreement to settle a court case against the Company, and setting of the 2015 annual stockholders' meeting.

### **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 August 18, 2015.

**IRC PROPERTIES, INC.**

Registrant

By:



**DELFIN R. ANGCAO**

Corporate Secretary

## IRC Properties, Inc. IRC

**PSE Disclosure Form LR-1 - Comprehensive Corporate Disclosure on Issuance of Shares  
(Private Placements, Share Swaps, Property-for-Share Swaps  
or Conversion of Liabilities/Debt into Equity)  
Reference: Rule on Additional Listing of Securities**

### Subject of the Disclosure

Comprehensive Corporate Disclosure on Issuance of Shares

### Background/Description of the Disclosure

On July 3, 2015, the Board of Directors approved the subscription of 127,200,000 common shares by Rizal Partners Company Ltd.

Date of Approval by  
Board of Directors

Jul 3, 2015

### Comprehensive Corporate Disclosure

#### Description of the proposed transaction including the timetable for implementation, and related regulatory requirements

As previously disclosed, the transaction refers to the subscription by Rizal Partners Company Ltd, to 127,200,000 IRC common shares ("Subscription Shares") with a par value of Php1.00 per share, at a subscription price of Php 1.40 per share, or a total subscription price of Php 178,080,000.00.

The Subscription Shares shall be issued out of an increase in the Company's authorized capital stock from Php1,000,000,000.00 divided into 1,000,000,000 common shares with a par value of Php 1.00 per share, to Php 1,500,000,000.00 divided into 1,500,000,000 common shares with a par value of Php 1.00 per share.

The parties are currently preparing the requirements for the increase in authorized capital stock and the Company expects to submit to the Securities and Exchange Commission the application for capital increase in August 2015 upon the completion of the special audit report for the said capital increase, among other things.

The transaction will be submitted to the Company's stockholders for ratification during the annual stockholders' meeting scheduled on September 10, 2015 with the PSE Rule on Additional Listing of Shares where the transaction involves the issuance of shares representing more than 10% of the resulting outstanding capital stock.

Rationale for the transaction including the benefits which are expected to be accrued to the listed issuer as a result of the transaction

The Company requires additional capital to partially settle its outstanding loans and for use in its projects

The aggregate value of the consideration, explaining how this is to be satisfied, including the terms of any agreements for payment on a deferred basis

The subscription price of Php178,080,000 has already been fully paid to the Company in cash

The basis upon which the consideration or the issue value was determined

The subscription price of Php 1.40 per share was arrived at by the parties by using the average closing price of IRC shares for the period from June 29 to July 31, 2015 which was Php 1.306 per share, adding a premium of 7%, and rounding off the amount to Php 1.40 per share

Detailed work program of the application of proceeds, the corresponding timetable of disbursements and status of each project included in the work program. For debt retirement application, state which projects were financed by debt being retired, the project cost, amount of project financed by debt and financing sources for the remaining cost of the project

Please see attached Use of Proceeds

**Identity and/or corporate background of the beneficial owners of the shares subscribed, including the following**

Beneficial Owners/Subscribers	Nature of Business	Nature of any material relationship with the Issuer and the parties to the joint venture, their directors/officers or any of their affiliates
GENERAL INCORPORATED ASSOCIATION FUTURES VILLAGE	Investment and management of properties, aquisition of securities	NA

**Organizational/Ownership Structure of Subscribers**

Beneficial Owners/Subscribers	Controlling Shareholders of Subscribers	Number of Shares Held	%
GENERAL INCORPORATED ASSOCIATION FUTURES VILLAGE	KEN TAKAHASHI	20	100

For subscribers with no track record or with no operating history: the Subscriber must present a statement of active business pursuits and objectives which details the step undertaken and proposed to be undertaken by the Issuer in order to advance its business. Projected financial statements shall only be required should there be references made in the Statement to forecasts or targets

Subscriber Rizal Partners Co. Ltd is a newly incorporated company under the laws of Japan. Since its incorporation on December 5, 2014, its business pursuits consisted mainly of pursuing investment opportunities, particularly in the Philippines, and has identified the Issuer for such investment.

The interest which directors of the parties to the transaction have in the proposed transaction

No director of IRC or Subscriber Rizal Partners Co. Ltd. has a personal interest in the transaction.

Statement as to the steps to be taken, if any, to safeguard the interests of any independent shareholders

The following are the safeguards for the interests of independent shareholders:

i.) As mentioned above, the transaction will be submitted to the Company's stockholders for ratification during the annual stockholders' meeting scheduled on September 20, 2015 to comply with the PSE Rule on Additional Listing of Shares.

ii.) The additional shares are to be issued at a premium

iii.) The proceeds of the transaction will be used to payoff certain outstanding loans to help augment the Company's financial condition, and thereby improve its operations.

Any conditions precedent to closing of the transaction

Approval of increase in capital stock with Securities and Exchange Commission and other relevant

regulatory agencies

Change(s) in the composition of the Board of Directors and Management

NA

## Effects on the following

## Ownership structure

Principal Shareholders	Before		After	
	Number of shares	%	Number of shares	%
PCD NOMINEE CORP.(F)	469,468,031	46.95	469,468,031	41.65
T & M HOLDINGS, INC.	262,605,200	26.26	262,605,200	23.3
PRIMEEAST PROPERTIES, INC.	69,815,500	6.98	69,815,500	6.19
ASUNCION, ALEXANDER G.	90,014,000	9	90,014,000	7.99
MABUHAY HOLDINGS CORPORATION	37,218,643	3.72	37,218,643	3.3
PCD NOMINEE CORP. (NF)	36,650,000	3.67	36,650,000	3.25
RIZAL PARTNERS COMPANY LTD	0	0	127,200,000	11.29

## Capital structure

## Issued Shares

Type of Security /Stock Symbol	Before	After
COMMON STOCK	999,888,978	1,127,088,978

## Outstanding Shares

Type of Security /Stock Symbol	Before	After
COMMON STOCK	999,888,964	1,127,088,964

## Treasury Shares

Type of Security /Stock Symbol	Before	After
COMMON STOCK	14	14

## Listed Shares

Type of Security /Stock Symbol	Before	After
COMMON STOCK	808,621,979	935,821,979

Effect(s) on the public float, if any	35.24
Effect(s) on foreign ownership level, if any	3.32%

## Other Relevant Information

NA

Filed on behalf by:

Name	Georgina Monsod
Designation	Senior Vice President/Treasurer/CIO



## USE OF PROCEEDS

The Company expects to receive net proceeds of approximately P175,580,000.00 from the listing of additional shares.

The following table presents the breakdown of the Proceeds

Particulars	Amount in Pesos	Timetable
PROCEEDS from listing of additional shares	178,080,000.00	
Estimated listing expense	2,500,000.00	
<b>Estimated Net Proceeds</b>	<b>175,580,000.00</b>	
<b>USE OF PROCEEDS:</b>		
1. Real Estate Development Projects		
a. Project Development (Land Devt & House Construction)	50,000,000.00	3Q 2015
b. Documentation & Technical Survey	2,500,000.00	3Q 2015
2. Clearing of Land	5,000,000.00	3Q 2015
3. Payment of Advances and Loans*	117,580,000.00	3Q 2015
<b>TOTAL</b>	<b>175,580,000.00</b>	

Which projects were financed by debt being retired. How much is the total project cost

- Clearing of land project and the total project cost is Php 251,217,050.00

Amount of project financed by debt and financing sources for the remaining cost of the project

- Total amount financed by debt is Php117,580,000.00 and the remaining cost will be financed through subdivision project sales through Pag-ibig

\* The payment of advances will be to Mabuhay Holdings Group for the clearing of land

**IRC PROPERTIES, INC.**

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

**For the 2015 Annual Stockholders' Meeting**

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***A. AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2014 AND JUNE 30, 2015 INTERIM FINANCIAL STATEMENTS***

Registrant's consolidated audited financial statements for the fiscal year ended December 31, 2014 and interim financial statements for the period ended June 30, 2015 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 land development and house 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. The first phase of the project is 95% sold and 90% completed.

On July 25, 2012, the Company entered into a Joint Development Agreement with Dell Equipment to undertake another affordable economic housing residential subdivision project totaling 8.718 hectares which is the Company's contribution 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 July 29, 2014, the Company has already cleared approximately 164.7 hectares of Binangonan property with 198 titles of "cleared properties" in its possession (2013 – 142.4 hectares).

On April 14, 2010, the Philippine Stock Exchange has approved the Parent Company's stock rights offering and has accumulated a total of P399.9 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 of June 30, 2015, the Company is finalizing 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 residential subdivision projects, namely 1) Sunshine Fiesta Subdivision, 2) Fiesta Casitas Subdivision, and 3) Casas Aurora. The mid-rise condominium project is put on hold while funding is finalized.

Sunshine Fiesta Subdivision is a joint venture development project between the Company and Dreamhauz Management & Development Corporation, with the latter responsible for the land development and house construction. The first phase seven-hectare is still on-going with 869 number of house-and-lot units. From the total 869 units, 103 units are assigned to the company, representing its 12% share in the joint venture project. As of June 30, 2014, 651 units have already been sold with a total contract price of P432 million. Out of the 103 units assigned to the company, 71 have already been sold with a total contract price of P48.2 million.

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

Casas Aurora is a residential project located within the 30-hectare Sunshine Fiesta Project and is considered Phase III, after Sunshine Fiesta and Fiesta Casitas. This is the first project of the company that it is implementing on its own. It has contracted Dell Equipment & Construction Corporation to do the land development, which includes road construction, drainage, utilities and amenities. For the house construction, it has contracted VGNPineda Construction Corporation using a new technology of on-site fabrication. It has 486 units with P850,000 as an introductory price.

### **Results of Operations**

#### **December 31, 2014**

On July 9, 2014, the Company entered into a joint development agreement with a foreign investor for the development of a four-hectare housing project, the Company's third residential development within its property.

On July 2014, the Company entered into a service contract with VGPineda Construction Corporation for the construction of 480 houses for the Casas aurora project. Construction of houses has already started and delivery of the units to prospective buyers is expected on 2015.

As at December 31, 2014, 164.70 hectares are ready for immediate development.

#### 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/m<sup>2</sup>. 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, is pursuing the acquisition of a portion of the 2000- hectare Binangonan lot of the company, either through purchase or joint development agreement.

#### 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, 2014

The financial position of the Company as of December 31, 2014, shows total assets of P2,955,691,122. Noncurrent assets were P1,873,729,151. The noncurrent assets consist of investment properties, property and equipment (net of accumulated depreciation) and other assets. Current assets as of December 31, 2014 stood at P1,081,961,971.

The total liabilities of the Company as of December 31, 2014 is P1,672,285,302 while current liabilities stood at P661,566,407. Noncurrent liabilities is P1,010,718,895 which includes the P383,277,995 deferred tax liability and 627,440,900 provision for clearing costs. Total stockholders' equity as of December 31, 2014 is P1,283,405,819.

### Material changes (2014 vs. 2013)

Cash substantially increased by 1105% or P42.54 million due to receipt of advances from Tamura Kenzai Co. Ltd for the development of Casas Aurora project.

Receivables decreased by 69.8% or P11.32 million due to collection received from sale of investment property from Hundred Lake Development Corp.

Prepayments likewise increased by 180% or P25.4 million due to advance payment to contractors for the services, materials and supplies needed for the construction of Casas Aurora project.

Land held for development also decreased by 6.9% or P72.43 million mainly due to reversal of capitalized cost.

Investment property increased by 11.44% or P192.15 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 P16.58 million or 6% mainly due to the payment of accrued realty tax and accrued salaries of officers.

Provision for clearing costs, current portion decreased by P1.74 million or 33.8% due to partial payment on MOA 3 with Prime East Properties, Inc.

Provision for clearing costs, noncurrent is higher by P52.5 million or 9.1% due to additional recoverable land area of 15 hectares valued at 350/sqm.

Deferred tax liability was up by 8.38% or P29.27 million due to provision for income tax deferred.

### 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:**

	<b>June 30, 2015</b>	<b>Dec. 31, 2014*</b>	<b>Dec. 31, 2013*</b>
Working Capital	318,251,977	420,395,564	485,652,779
Current Ratio	1.413	1.635	1.793
Quick Ratio	.061	.138	.059
Asset to Equity Ratio	2.325	2.303	2.246
Debt to Assets Ratio	.569	.566	.555
Debt to Equity Ratio	1.325	1.303	1.246
Gross Profit Margin	.576	.946	.796
Operating Profit Margin	.175	.698	.767
Net Profit Margin	.163	.428	.511
Return on Assets	.00066	.015	.116
Return on Equity	.00154	.36	.261
Interest Coverage Ratio	-nil-	-nil-	-nil-

**Interim Report (June 30, 2015)**

The Company employed total assets of P2,984,044,812 financed by total liabilities of P1,700,596,516 and total stockholders’ equity of P1,283,448,290. Noncurrent assets amounted to P1,894,420,408 consisting of investment property, property and equipment (net of accumulated depreciation) and other assets. Current assets stood at P1,089,624,404.

A comparative review of the Company's financial operations for the quarter ended June 30, 2015 *vis-à-vis* the same period last year showed the following:

Total income increased by P11,451,000 or 1,893% mainly due to the increase in sale of units in the joint venture project on the second quarter of 2015. Total cost and expenses increased by P8,122,959 or 443% mainly due to the corresponding increase in cost of sales due to increase in sale of units.

For the year ending June 30, 2015 vs. year ending June 30, 2014, total revenue is higher by 106% or P8,186,000 due to the sale of units in the joint venture project with matching increase in the total cost and expenses by 33% or P4,638,471.

#### **Material changes (June 30, 2015 vs. December 31, 2014)**

Cash decreased by 58% or in the amount of P26.6 million mainly due to the payment of office rental, annual listing fees and legal fees.

Property and equipment decreased by 31% or P41 thousand due to depreciation.

Accounts payable and accrued expenses increased by P28.6 million or 10.4% due to accrued interest on notes issued to Mabuhay Holdings Corporation, T&M Holdings, Inc., Tagaytay Properties Holdings Corp and Marilaque Land, Inc., accrued salaries and accrued office rental.

Payable to Joint Venture decreased by 100% or .2 million due to settlement.

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 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 2015, 2014 and 2013:

	2015		2014		2013	
	High	Low	High	Low	High	Low
First Quarter	1.55	1.33	1.47	1.25	1.30	1.10
Second Quarter	1.49	1.29	1.40	1.20	1.45	1.10
Third Quarter			1.44	1.30	1.66	1.25
Fourth Quarter			1.74	1.23	1.54	1.32

The listed price of IRC shares as of June 30, 2015 is 1.29.

***Stockholders***

The number of stockholders of record as of July 31, 2015, the Record Date of the 2015 annual stockholders' meeting is 566. Common shares outstanding as of July 31, 2015 amounted to 999,888,964.

The top 20 stockholders as of July 31, 2015 are as follows:

	<b>Name of Stockholder</b>	<b>Number of Shares</b>	<b>Percentage Ownership</b>
1	PCD NOMINEE CORP. (F)	469,600,031	46.97%
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)	36,518,000	3.65%
6	MABUHAY HOLDINGS CORPORATION	38,160,643	3.82%
7	MARILAQUE LAND, INC.	5,998,000	0.60%
8	VALMORA INVESTMENT AND MANAGEMENT	2,300,000	0.23%
9	DEE, ALICE T.	2,165,000	0.22%
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	719,000	0.07%
14	GOKONGWEI JR., JOHN	642,000	0.06%
15	UY, IMELDA T.	621,000	0.06%
16	SIGUION-REYNA, LEONARDO T.	500,000	0.05%
17	TAN, HENRY L.	600,000	0.06%
18	BLUE RIDGE CORPORATION	500,000	0.05%
19	TANCHAN III, SANTIAGO	500,000	0.05%
20	LAO, ALEX L.	500,000	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***

**IRC PROPERTIES, INC. AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**

(All amounts in Philippine Peso)

	June 2015	DEC. 2014 AUDITED	June 2014
<b>A S S E T S</b>			
<b>CURRENT ASSETS</b>			
Cash on hand and in banks	P 19,577,620	P 46,175,692	P 340,698
Receivables, net	10,765,381	4,898,865	16,526,423
Available-for-sale financial assets	620,380	620,380	620,380
Prepayments	62,728,491	39,460,104	14,408,288
Funds held by custodian bank	15,837,819	15,785,832	15,753,167
Land held for development	979,156,275	974,082,661	1,044,524,956
Real properties held for sale and development	938,437	938,437	938,437
<b>Total current assets</b>	<b>P 1,089,624,404</b>	<b>P 1,081,961,971</b>	<b>P 1,093,112,349</b>
<b>NON-CURRENT ASSETS</b>			
Investment property	P 1,891,700,772	P 1,870,759,079	P 1,699,555,776
Property and equipment	1,593,347	1,824,624	91,195
Other assets	1,126,290	1,145,448	1,149,864
<b>Total non-current assets</b>	<b>P 1,894,420,408</b>	<b>P 1,873,729,151</b>	<b>P 1,700,796,835</b>
<b>Total assets</b>	<b>P 2,984,044,812</b>	<b>P 2,955,691,122</b>	<b>P 2,793,909,184</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued expenses	P 275,488,005	P 246,831,453	P 311,290,696
Provision for clearing costs	3,401,017	3,401,017	3,401,017
Payable to JV	-	-	-
Advances due to others	101,280,880	103,178,205	10,551,597
Notes payable	293,869,900	292,369,900	293,869,900
Liability for refund of stock rights subscription	15,837,819	15,785,832	15,753,167
<b>Total current liabilities</b>	<b>P 689,877,622</b>	<b>P 661,566,407</b>	<b>P 634,866,377</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability	P 383,277,995	P 383,277,995	P 353,999,970
Provision for clearing costs	627,440,900	627,440,900	574,940,900
<b>Total non-current liabilities</b>	<b>P 1,010,718,895</b>	<b>P 1,010,718,895</b>	<b>P 928,940,870</b>
<b>Total liabilities</b>	<b>P 1,700,596,516</b>	<b>P 1,672,285,302</b>	<b>P 1,563,807,247</b>
<b>EQUITY</b>			
Share capital	P 999,913,978	P 999,913,978	P 999,913,978
Treasury shares	(14)	(14)	(14)
Fair value and other reserves	(8,943)	(8,943)	(8,943)
Retained earnings (Deficit)	283,543,269	283,500,798	230,196,916
<b>Total equity</b>	<b>P 1,283,448,290</b>	<b>P 1,283,405,819</b>	<b>P 1,230,101,937</b>
<b>Total liabilities and equity</b>	<b>P 2,984,044,812</b>	<b>P 2,955,691,122</b>	<b>P 2,793,909,184</b>

See accompanying Notes to Consolidated Financial Statements

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

	Quarter Ending June 30		Year Ending June 30	
	2015	2014	2015	2014
<b>INCOME</b>				
Share in the JV-Sunshine Fiesta	P 12,056,000	P 605,000	P 15,935,000	P 7,749,000
Share in the JV-Fiesta Casitas	P -		P 3,050,400	
Sales of Real Estate	P -	P -	P -	P -
Interest income	12,150	129	60,934	785
Reversal of payables	-	-	-	-
Fair value gain on investment property	-	-	-	-
<b>Total income</b>	<b>P 12,068,150</b>	<b>P 605,129</b>	<b>P 19,046,334</b>	<b>P 7,749,785</b>
<b>EXPENSES</b>				
Cost of Sales	P 5,114,307	P 287,298	P 8,351,541	P 3,982,864
Commission	P 323,753	P -	P 719,262	P 251,532
Interest, penalties and related charges	P 1,650	-	1,850	690
Salaries, wages and employee benefits	816,528	545,480	1,729,398	2,262,370
Taxes, fees and licenses	-	-	909,452	1,068,536
Professional fees	566,700	28,000	668,914	1,193,214
Transportation and travel	5,827	432	10,893	5,354
Rent	926,762	617,841	1,853,523	2,166,544
Office supplies	136,864	32,842	203,886	121,246
Depreciation expense	115,638	7,506	231,278	44,845
Amortization	15,906	4,279	30,840	25,674
Other expenses	1,932,893	310,188	4,080,343	3,029,741
<b>Total expenses</b>	<b>P 9,956,826</b>	<b>P 1,833,867</b>	<b>P 18,791,180</b>	<b>P 14,152,609</b>
(LOSS) INCOME BEFORE INCOME TAX	P 2,111,321	P (1,228,738)	P 255,154	P (6,402,824)
PROVISION FOR INCOME TAX	138,834	75,323	212,677	122,255
<b>NET INCOME (LOSS) FOR THE PERIOD</b>	<b>P 1,972,487</b>	<b>P (1,304,061)</b>	<b>P 42,477</b>	<b>P (6,525,079)</b>
<b>OTHER COMPREHENSIVE LOSS</b>	-	-	-	-
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD</b>	<b>P 1,972,487</b>	<b>P (1,304,061)</b>	<b>P 42,477</b>	<b>P (6,525,079)</b>
<b>BASIC AND DILUTED (LOSS) INCOME PER SHARE</b>	<b>0.002</b>	<b>(0.001)</b>	<b>0.000</b>	<b>(0.007)</b>



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

	Quarter Ending June 30		Year Ending June 30	
	2015	2014	2015	2014
Capital Stock, beginning	P 999,913,978	P 999,913,978	P 999,913,978	P 999,913,978
Additional subscription	-	-	-	-
<b>CAPITAL STOCK</b>	P 999,913,978	P 999,913,978	P 999,913,978	P 999,913,978
<b>RETAINED EARNINGS (DEFICIT)</b>				
Balance beginning	P 281,570,784	P 231,500,977	P 283,500,799	P 236,721,994
Cumulative effect of change in accounting policy for investment property		-		-
Prior year adjustment		-		-
	P 281,570,784	P 231,500,977	P 283,500,799	P 236,721,994
Net income (loss)	P 1,972,487	P (1,304,061)	P 42,477	P (6,525,079)
Balance at end of period	P 283,543,271	P 230,196,916	P 283,543,271	P 230,196,916
Treasury shares	P1,283,457,249 (14)	P1,230,110,894 (14)	P1,283,457,249 (14)	P1,230,110,894 (14)
Fair value reserve	(8,943)	(8,943)	(8,943)	(8,943)
<b>BALANCE, END</b>	P1,283,448,290	P1,230,101,937	P1,283,448,290	P1,230,101,937

**IRC PROPERTIES, INC. AND SUBSIDIARY**  
**STATEMENT OF CASH FLOW**

	Quarter Ending June 30		Year Ending June 30	
	2015	2014	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
(Loss) income for the period	P 1,972,487	P (1,304,061)	P 42,477	P (6,525,079)
Adjustments for:				
Fair value adjustment on investment property	-	-	-	-
Depreciation	115,638	7,506	231,278	44,845
Interest income	(12,150)	(129)	(60,934)	(785)
Miscellaneous income	-	-	-	-
Operating loss before changes in operating assets and liabilities	P 2,075,975	P (1,296,684)	P 212,821	P (6,481,019)
Changes in operating assets and liabilities				
(Increase) decrease in:				
Receivables	(5,036,879)	1,113,476	(5,866,516)	(307,630)
Prepayments	(942,035)	(10,150)	(23,268,387)	(344,378)
Real properties held for sale & development	-	-	-	-
Other assets	4,225	4,280	19,158	25,676
Land held for development	(123,356)	(6,951)	(5,073,614)	1,986,496
(Decrease) increase in accounts payable and accrued expenses	-	-	-	-
Payable to JV	10,392,052	3,506,093	28,608,047	21,121,469
(Decrease) increase in provision for clearing costs	-	-	48,505	(291,031)
Advances due to others	-	-	-	(1,740,000)
Net cash used in operations	6,601,423	36,667	(1,897,325)	192,167
Interest received	P 12,971,405	P 3,346,730	P (7,217,312)	P 14,161,751
Miscellaneous income received	12,150	129	60,934	785
Net cash used in operating activities	P 12,983,554	P 3,346,859	P (7,156,377)	P 14,162,536
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of:				
Available-for-sale financial assets	P -	P -	P -	P -
Property and equipment	-	-	-	(3,473)
Investment property	(10,532,781)	(3,472,345)	(20,941,693)	(20,948,776)
Decrease in Provision for clearing cost non current	-	0	-	0
Net cash (used in) from investing activities	P (10,532,781)	P (3,472,345)	P (20,941,693)	P (20,952,249)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>				
Proceeds from issuance of notes	P -	P -	1,500,000	P 3,500,000
Proceeds from exercise of warrants	P -	P -	-	P -
Payment of notes	0	0	0	0
Advances due to/ from others	0	0	0	0
Net cash generated from financing activities	P -	P -	1,500,000	P 3,500,000
<b>NET INCREASE (DECREASE) IN CASH ON</b>				
HAND AND IN BANKS	P 2,450,773	P (125,486)	P (26,598,070)	P (3,289,713)
<b>CASH ON HAND AND IN BANKS</b>				
Beginning balance	17,126,848	466,186	46,175,692	3,630,412
Balance, September 30	P 19,577,620	P 340,698	P 19,577,620	P 340,698



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 as at and for the year ended December 31, 2014, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

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

[Signature]
ESTEBAN G. PEÑA SY
Chairman of the Board of Directors/ CEO

[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 13 2015 day of April 2015, 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. 243
Page No. 50
Book No. 77
Series of 2015

ATTY. GERVAÑO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2016
IRC No. 556155 Lifetime Member
MCE Compliance No. III-0014282
Appointment No. M-199-(2015-2016)
PTR No. 4748512 Jan. 5, 2015
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.



## Isla Lipana & Co.

### Independent Auditor's Report

To the Board of Directors and Shareholders of  
**IRC Properties, Inc.**  
35/F 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 Subsidiary, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of total comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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





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

**Isla Lipana & Co.**

Zaldy D. Aguirre  
Partner

CPA Cert No. 105660

P.T.R. No. 0024447, issued on January 6, 2015, Makati City

SEC A.N. (individual) as general auditors 1176-AR-1, Category A; effective until January 13, 2018

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

TIN 221-755-698

BIR A.N. 08-000745-77-2015, issued on January 20, 2015; effective until January 19, 2018

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

Makati City  
April 10, 2015





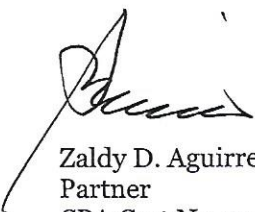
## Isla Lipana & Co.

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.**  
35/F 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, 2014, on which we have rendered the attached report dated April 10, 2015. The supplementary information shown in the Map of the Group of Companies within which the Reporting Entity Belongs, Schedule of Philippine Financial Reporting Standards effective as at December 31, 2014, Reconciliation of Retained Earnings 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 consolidated financial statements. Such supplementary information are the responsibility of management and have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information have been prepared in accordance with Parts I and II of Rule 68 of the SRC.

**Isla Lipana & Co.**



Zaldy D. Aguirre  
Partner

CPA Cert No. 105660

P.T.R. No. 0024447, issued on January 6, 2015, Makati City

SEC A.N. (individual) as general auditors 1176-AR-1, Category A; effective until January 13, 2018

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

Makati City  
April 10, 2015



APR 15 2015

**IRC Properties, Inc. and Subsidiary**

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

	Notes	2014	2013
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash	5	46,175,692	3,630,412
Receivables, net	6	4,898,865	16,218,793
Available-for-sale financial assets	7	620,380	620,380
Funds held by custodian bank	9	15,785,832	15,722,650
Properties held for development and sale	10	975,021,098	1,047,449,889
Prepayments and other current assets	8	39,460,104	14,063,909
Total current assets		1,081,961,971	1,097,706,033
<b>Non-current assets</b>			
Investment property	11	1,870,759,079	1,678,607,000
Property and equipment, net	12	1,824,624	132,566
Other assets	13	1,145,448	1,175,539
Total non-current assets		1,873,729,151	1,679,915,105
<b>Total assets</b>		2,955,691,122	2,777,621,138
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	14	274,248,126	290,819,687
Current portion of provision for clearing costs	15	3,401,017	5,141,017
Short-term borrowings	16	368,131,432	300,369,900
Liability for refund of stock rights subscription	9,17	15,785,832	15,722,650
Total current liabilities		661,566,407	612,053,254
<b>Non-current liabilities</b>			
Deferred tax liability, net	21	383,277,995	353,999,970
Provision for clearing costs, net of current portion	15	627,440,900	574,940,900
Total non-current liabilities		1,010,718,895	928,940,870
Total liabilities		1,672,285,302	1,540,994,124
<b>Equity</b>			
Share capital	17	999,913,978	999,913,978
Treasury shares	17	(14)	(14)
Fair value reserve	7	(8,943)	(8,943)
Retained earnings		283,500,799	236,721,993
Total equity		1,283,405,820	1,236,627,014
<b>Total liabilities and equity</b>		2,955,691,122	2,777,621,138

The notes on pages 1 to 36 are an integral part of these consolidated 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, 2014  
(All amounts in Philippine Peso)

	Notes	2014	2013	2012
<b>Income</b>				
Sales of real estate	10	11,636,500	93,859,481	7,667,416
Fair value gain on investment property	11	97,500,000	537,597,080	147,572,862
Interest income	5	44,548	4,272	2,244
		109,181,048	631,460,833	155,242,522
<b>Costs and expenses</b>				
Cost of sales	10	5,861,245	128,659,059	4,873,189
Professional fees and other outside services		9,734,578	2,066,969	1,240,115
Salaries, wages and employee benefits	18	5,607,187	5,207,027	6,874,848
Rent	20	3,711,146	3,708,646	3,783,412
Taxes and licenses		1,723,071	1,276,751	779,996
Office supplies		337,555	169,185	128,469
Depreciation	12	208,509	88,920	90,955
Transportation and travel		86,054	1,563,761	348,396
Others	19	5,739,367	4,450,434	3,722,877
		33,008,712	147,190,752	21,842,257
<b>Income before income tax</b>		76,172,336	484,270,081	133,400,265
Provision for income tax	21	29,393,530	161,279,124	44,271,859
<b>Net income for the year</b>		46,778,806	322,990,957	89,128,406
<b>Other comprehensive income for the year</b>		-	-	-
<b>Total comprehensive income for the year</b>		46,778,806	322,990,957	89,128,406
<b>Basic and diluted earnings per share</b>	17	0.05	0.32	0.11

The notes on pages 1 to 36 are an integral part of these consolidated 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, 2014  
(All amounts in Philippine Peso)

	Share capital (Note 17)	Treasury shares (Note 17)	Fair value reserve (Note 7)	Retained earnings	Total
<b>Balances as at January 1, 2012</b>	799,999,986	(14)	(8,943)	(175,397,370)	624,593,659
<b>Comprehensive income</b>					
Net income for the year	-	-	-	89,128,406	89,128,406
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	89,128,406	89,128,406
<b>Transaction with owners</b>					
Issuance of shares	52,622,000	-	-	-	52,622,000
<b>Balances as at December 31, 2012</b>	852,621,986	(14)	(8,943)	(86,268,964)	766,344,065
<b>Comprehensive income</b>					
Net income for the year	-	-	-	322,990,957	322,990,957
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	322,990,957	322,990,957
<b>Transaction with owners</b>					
Issuance of shares	147,291,992	-	-	-	147,291,992
<b>Balances as at December 31, 2013</b>	999,913,978	(14)	(8,943)	236,721,993	1,236,627,014
<b>Comprehensive income</b>					
Net income for the year	-	-	-	46,778,806	46,778,806
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	46,778,806	46,778,806
<b>Balances as at December 31, 2014</b>	999,913,978	(14)	(8,943)	283,500,799	1,283,405,820

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

## IRC Properties, Inc. and Subsidiary

Consolidated Statements of Cash Flows  
For each of the three years in the period ended December 31, 2014  
(All amounts in Philippine Peso)

	Notes	2014	2013	2012
<b>Cash flows from operating activities</b>				
Income before income tax		76,172,337	484,270,081	133,400,265
Adjustments for:				
Depreciation	12	208,509	88,920	90,955
Amortization	13	52,763	51,348	53,197
Interest income	5	(44,548)	(4,272)	(2,244)
Fair value gain on investment property	11	(97,500,000)	(537,597,080)	(147,572,862)
Loss on sale of investment property	11	-	32,147,500	-
Operating loss before changes in working capital		(21,110,939)	(21,043,503)	(14,030,689)
Changes in working capital				
Receivables		(25,013,969)	5,042,661	(5,702,783)
Properties held for development and sale		(9,823,129)	(2,239,538)	3,537,209
Prepayments and other current assets		(1,333,573)	(3,111,752)	(799,594)
Other assets		-	(86,163)	-
Accounts payable and accrued expenses		(19,659,670)	(102,890,905)	3,487,962
Capitalized interest expense	16	44,683,578	41,637,079	35,994,347
Provision for clearing costs		(1,740,000)	(147,141,357)	(44,450,000)
Net cash absorbed by operations		(33,997,702)	(229,833,478)	(21,963,548)
Income taxes paid		(122,255)	-	-
Interest received		44,548	4,272	2,244
Net cash used in operating activities		(34,075,409)	(229,829,206)	(21,961,304)
<b>Cash flows from investing activities</b>				
Proceeds from sale of investment property	11	12,271,275	75,000,000	-
Acquisition of computer software	13	(22,672)	-	-
Acquisition of property and equipment	12	(1,900,567)	-	-
Additions to investment property	11	(9,488,879)	(5,051,874)	(32,365,204)
Net cash provided by (used in) investing activities		859,157	69,948,126	(32,365,204)
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	16	80,761,532	-	-
Proceeds from stock rights offering	17	-	147,291,992	52,622,000
Proceeds from issuance of notes	16	-	15,500,000	500,000
Settlement of borrowings		(5,000,000)	-	-
Net cash provided by financing activities		75,761,532	162,791,992	53,122,000
<b>Net increase (decrease) in cash for the year</b>		<b>42,545,280</b>	<b>2,910,912</b>	<b>(1,204,508)</b>
<b>Cash as at January 1</b>		<b>3,630,412</b>	<b>719,500</b>	<b>1,924,008</b>
<b>Cash as at December 31</b>	<b>5</b>	<b>46,175,692</b>	<b>3,630,412</b>	<b>719,500</b>

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

## **IRC Properties, Inc. and Subsidiary**

Notes to Consolidated Financial Statements

As at December 31, 2014 and 2013

and for each of the three years in the period ended December 31, 2014

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

### **Note 1 - General information**

IRC Properties, Inc. (Parent Company) and Interport Development Corporation (IDC) (Subsidiary), (collectively referred to as the "Group") were incorporated in the Philippines 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 37.24% owned by Mabuhay Holdings Corporation (MHC) through direct and indirect shareholdings. 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 the municipality of Binangonan, Rizal and to repay its maturing loans.

The Group entered into joint development agreements with two local real estate developers 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 10 and 11).

On July 9, 2014, the Group entered into a joint development agreement with a foreign investor for the development of a four-hectare housing project, the Group's third residential development within its Binangonan property.

As at December 31, 2014, the Group's negotiations with a leading local real estate developer relative to the acquisition of a portion of the 2,000-hectare Binangonan lot have not materialized. The deal is expected to be completed next year. The Group believes that the entry of the leading local real estate developer will jumpstart the development of a new mixed-use community south of Metro Manila.

The Eastridge project (Trocadero Residences) has been deferred until the Group finds a more opportune moment to develop a mix of condominium and townhouses within a 1.34 hectare property also in its Binangonan property adjacent to Thunderbird Resort and Casino and the 18-hole Eastridge Golf Club.

As at December 31, 2014, 164.70 hectares are ready for immediate development (2013 - 142.54 hectares).

The Group's management believes that on-going developments will provide for additional funds that will finance other planned developments that are currently in place.

Other major operational developments are discussed in Notes 10 and 11.

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 from Interport Resources Corporation to IRC Properties, Inc., changes in the primary purpose and declassification of stock (Note 17).

The registered office of the Group and its principal place of business is at 35/F Rufino Pacific Tower, Ayala Avenue, Makati City.

The Parent Company has its primary listing on the Philippine Stock Exchange. As at December 31, 2014 and 2013, the Parent Company has 497 shareholders (2013 - 592 shareholders) owning at least 100 shares each.

As at December 31, 2014, the Parent Company has 8 regular employees (2013 - 6 regular employees).

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

## **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 and assumptions. 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 estimates and assumptions are significant to the consolidated financial statements are disclosed in Note 4.

## **Changes in accounting policies and disclosures**

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

The Group adopted the following accounting standards, amendments and interpretations to existing standards beginning January 1, 2014:

- Amendment to PAS 32, 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the consolidated financial statements.
- Amendment to PAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash generating units which had been included in PAS 36 by the issue of PFRS 13. The amendment did not have a significant effect on the consolidated financial statements.
- Amendment to PAS 39, 'Financial instruments: Recognition and measurement', on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under PAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Group has applied the amendment and there has been no significant impact on the consolidated financial statements as a result.
- Philippine Interpretation IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of PAS 37, 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognized. The Group does not currently have significant obligations that qualify as levies.

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

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

- PFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of PFRS 9 was issued in July 2014. It replaces the guidance in PAS 39 that relates to the classification and measurement of financial instruments. PFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in PAS 39. For financial liabilities, there were no changes to classification and measurement, except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

PFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedge ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under PAS 39. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. Based on the Group's initial assessment, other than possible reclassification, adoption of the standard is not expected to have a significant effect on the Group's consolidated financial statements.

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

There are no other standards, amendments or interpretations that are effective beginning on or after January 1, 2014 that have or are expected to have a material impact on the Group's consolidated financial statements.

## 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of Parent Company and IDC, a wholly-owned subsidiary, as at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014. The Group uses uniform accounting policies, any difference between the Subsidiary and Parent Company are adjusted properly.

As at December 31, 2014 and 2013, IDC is the only subsidiary of the Parent Company.

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

The summarized financial information of the Subsidiary as at and for the years ended December 31 is as follows:

	2014	2013
Total current assets	49,507,147	49,502,985
Total current liabilities	1,761,842	1,722,492
Net assets	47,745,305	47,780,493
Expenses	35,188	71,890
Total comprehensive loss	(35,188)	(71,890)

The Subsidiary did not generate any cash flows for the years ended December 31, 2014 and 2013.

*(a) Subsidiaries*

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

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

*(c) Disposal of subsidiaries*

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

### **2.3 Cash and restricted funds**

Cash consists of cash on hand and deposits held at call with banks. Funds that are restricted and designated for particular purpose are shown separately from cash in the consolidated statement of financial position and are classified as current or non-current depending on the expected timing of disbursements. These are stated at face value or nominal amount.

### **2.4 Financial assets**

#### Classification

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

*(a) Financial assets*

The Group classifies its financial assets in the following categories: loans and receivables, held-to-maturity investments, available-for-sale and financial assets at fair value through profit or loss. As at December 31, 2014 and 2013, the Group only has financial assets classified as loans and receivables and available-for-sale financial assets.

*(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 and where management has no intention of trading. These are included in current assets, except for maturities greater than twelve (12) months after the reporting date, in which case, these are classified as non-current assets. Loans and receivables comprise of cash (Note 2.3), receivables, including a portion of advances to subcontractors (Note 2.5), funds held by custodian bank, and refundable deposits under other assets in the consolidated statement of financial position.



(ii) 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 the other categories. These are included in non-current assets unless management intends to dispose of the financial assets within twelve (12) months from the reporting date. The Group's investments in various listed and unlisted local entities are classified under this category.

*(b) Financial liabilities*

The Group classifies its financial liabilities as financial liabilities at fair value through profit or loss or financial liabilities at amortized cost. As at December 31, 2014 and 2013, the Group does not have any financial liability designated at fair value through profit or loss.

Financial liabilities at amortized cost pertains to issued financial instruments that are not classified or designated at fair value through profit or loss and contain contract obligations to deliver cash or another financial asset to the holder or to settle the obligation other than the exchange of a fixed amount of cash.

Financial liabilities at amortized cost are included in current liabilities, except for maturities greater than twelve (12) months after the reporting date, in which case, these are classified as non-current liabilities. The Group's accounts payable and accrued expenses (excluding government related and accrued liabilities) (Note 2.12), notes payable (Note 2.13), payable to a subsidiary and liability for refund of stock rights subscription are classified under this category.

Recognition and measurement

*(a) Initial recognition and measurement*

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

*(b) Subsequent measurement*

The Group's loans and receivables and financial liabilities at amortized cost are subsequently measured at amortized cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value, except, investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, which shall be measured at cost.

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

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

### Impairment of financial assets

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

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

#### (i) Loans and receivables

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

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognized in profit or loss. If a loans and receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss. Reversals of previously recorded impairment provision are based on the result of management's update assessment, considering the available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with customers as to the recoverability of receivables at the end of the reporting period. Subsequent recoveries of amounts previously written-off are credited against operating expenses in profit or loss.

#### (ii) Assets classified as available-for-sale

For equity investments, a significant or prolonged decline in the fair value of security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss.

### Derecognition

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

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

### Offsetting

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

## **2.5 Receivables**

Receivables arising from regular sale of properties held for development and sale made in the ordinary course of business are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment. Other long-term receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment.

Receivables with average credit term of 30 to 90 days are measured at the original invoice amount (as the effect of discounting is immaterial), less any 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset'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 account, and the amount of the loss is recognized in profit or loss within operating expenses. When a receivable remains uncollectible after the Group has exerted all legal remedies, it is written-off against the allowance account for receivables.

## **2.6 Prepayments**

Prepayments are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at the amount of cash paid, which is equal to its nominal amount. Prepayments are 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 (12) months after the end of the reporting period, in which case, these are classified as non-current assets.

## **2.7 Properties held for development and sale**

Properties held for development and sale 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 on-going 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.

As at December 31, 2014, 164.70 hectares of the cleared and retitled Binangonan Property are either under development or intended for immediate development (2013 - 142.54 hectares). The cost of such property is presented as land held for development.

As at December 31, 2014 and 2013, real properties held for development and sale amounts to P938,437. This represents completed and fully developed lots under the joint development agreement (Note 10).

## **2.8 Investment property**

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

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 property (Note 11).

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.

On a regular basis, an estimate of the recoverable or clearable area over the Group's 2,200-hectare property is done by an independent contractor. An increment in the recoverable area is recognized at fair value, with a consequent provision for estimated clearing costs.

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 recognized in profit or loss.

An investment property is derecognized from the consolidated statement of financial position on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

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 2.9), and its fair value at the date of reclassification becomes its cost for accounting purposes. Gain or loss arising from disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gain or loss on disposal is recognized in profit or loss in the period of the disposal.

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

## **2.9 Property and equipment**

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

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

Depreciation is calculated using the straight-line method over an estimated useful life of five (5) years for all classes of property and equipment.

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. Gain or loss arising from disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gain or loss on disposal is recognized in profit or loss in the period of the disposal.

## **2.10 Impairment of non-financial assets**

Assets that have an indefinite useful life, including land held for development, investment property (carried at fair value) and investment in subsidiaries, are not subject to depreciation and amortization and are tested annually for impairment.

Assets that have definite useful life are subject to depreciation and 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.

## **2.11 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 group, 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).

Specific valuation techniques used to value financial instruments include:

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

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 property of the Group is classified under Level 2 category. The Group has no non-financial assets or liabilities classified under Level 3 category.

### **2.12 Accounts payable and accrued expenses**

Accounts payable and accrued expenses 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. Accounts payable and accrued expenses are classified as current liabilities if payment is due within twelve (12) months or less (or in the normal operating cycle of the business, if longer). If not, these are presented as non-current liabilities.

Accounts payables and accrued expenses are measured at the original invoice amount (as the effect of discounting is immaterial).

### **2.13 Borrowings and borrowing costs**

Borrowings (notes payable) 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 twelve (12) months after the reporting date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which these are incurred.

### **2.14 Current and deferred income tax**

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and 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 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 based on existing 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.

Deferred income tax assets and liabilities are derecognized when related bases are realized or when it is no longer realizable.

## **2.15 Provisions**

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

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

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

If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized as an interest expense.

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

### **2.16 Subscription payable**

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

Subscription payable is derecognized when the obligation has been paid.

### **2.17 Share capital**

#### *(a) Common shares*

Common shares, which are stated at par value, 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.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. The excess of proceeds from issuance of shares over the par value of shares or additional capital contributions in which no shares were issued are credited to share premium.

#### *(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 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.

#### *(c) Stock rights offering*

An issue of rights to existing shareholders of the Group that entitles them to purchase additional shares in proportion to their existing holdings, within a fixed time period, at a lower or discounted price to preserve the percentage ownership of the current holders.

Liability for stock rights subscriptions is derecognized once settled.

### **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 outstanding during the year. Diluted earnings per share is calculated by adjusting the earnings and number of shares for the effects of dilutive potential common shares.

## **2.19 Revenue and expense recognition**

Revenue is recognized at 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) Sales 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 under the Home Development Mutual Fund (HDMF), 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 original effective interest rate.

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 incurred.

## **2.20 Leases - Company as 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 consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's consolidated financial statements are presented in Philippine Peso, which is the 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 Reclassifications**

To conform to the current year presentation, advances from third parties of P10 million were reclassified from accounts payable and accrued expenses to short-term borrowings. This did not impact the Group's previously reported net increase in cash, results of operations, and financial position including beginning retained earnings.

## **2.24 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 and capital management**

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

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 Group's financial performance due to the unpredictability of the real estate industry.

### **3.1.1 Market risk**

#### *(a) Currency risk*

The Group is not exposed to currency risk as it does not have significant 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 7). Changes in market prices of these investments are not expected to have a significant impact on 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 16). 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.

### 3.1.2 Credit risk

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

2014	Current	Past due but not impaired	Impaired	Allowance for impairment	Total
Cash in banks	46,145,692	-	-	-	46,145,692
Receivables, net	4,898,865	-	-	-	4,898,865
Funds held by custodian bank	15,785,832	-	-	-	15,785,832
Refundable deposits	1,007,763	-	-	-	1,007,763
	67,838,152	-	-	-	67,838,152

2013	Current	Past due but not impaired	Impaired	Allowance for impairment	Total
Cash in banks	3,620,412	-	-	-	3,620,412
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
	36,569,618	-	7,473,000	(7,473,000)	36,569,618

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

The Group manages credit risk on its cash in bank by depositing in banks that passed 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, 2014 and 2013, the Group's funds are maintained with universal and commercial banks as follows:

	2014	2013
Universal banks		
Cash in banks	46,065,692	3,540,412
Funds held by custodian bank	15,785,832	15,722,650
Commercial bank		
Cash in banks	80,000	80,000
	61,931,524	19,343,062

The remaining cash in the consolidated statement of financial position pertains to cash on hand which is not subject to credit risk.

*(b) Receivables*

Fully performing accounts receivables at December 31, 2014 represents Group's share in the proceeds from sold assigned units from the joint arrangement (Note 6) and a portion of advances to subcontractors. Credit risk is not deemed significant because the Group holds the title until the amount is fully paid.

In 2014, the Group has collected P12.27 million remaining proceeds of the sale made to Hundred Lake Development Corp. during 2013 (Note 6).

*(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 as past due but not impaired as at December 31, 2014 and 2013.

**3.1.3 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, 2014, 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 15).

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 are P39.5 million as at December 31, 2014 and 2013.

**3.2 Capital management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can 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 consolidated 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 other externally imposed capital requirements on the Group.

### 3.3 Fair value of financial assets and liabilities

The carrying amounts and fair values of significant financial assets and liabilities as at December 31 are as follows:

	2014		2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Loans and receivables				
Cash	46,175,692	46,175,692	3,630,412	3,630,412
Receivables, net	4,898,865	4,898,865	16,218,793	16,218,793
Funds held by custodian bank	15,785,832	15,785,832	15,722,650	15,722,650
Refundable deposits	1,007,763	1,007,763	1,007,763	1,007,763
Total assets	67,868,152	67,868,152	36,579,618	36,579,618
Financial liabilities				
Accounts payable and accrued expenses	245,666,580	245,666,580	261,611,436	261,611,436
Short-term borrowings	368,131,432	368,131,432	300,369,900	300,369,900
Liability for refund of stock rights subscription	15,785,832	15,785,832	15,722,650	15,722,650
Total liabilities	629,583,844	629,583,844	577,703,986	577,703,986

### 3.4 Fair value hierarchy

The Group follows the fair value measurement hierarchy to disclose the fair values of its financial assets and liabilities. At December 31, 2014 and 2013, the Group's available-for-sale financial assets and investment property are classified under Level 1 and 2 categories, respectively.

As at December 31, 2014 and 2013, the fair values of the short-term borrowings approximate their carrying amounts.

### **Note 4 - Critical accounting estimates, assumptions and judgments**

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.

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



#### **4.1 Critical accounting estimates and assumptions**

##### *(a) Estimate of fair value of investment property (Note 11)*

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

There are no changes in the estimated market value of the Binangonan property from prior year.

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

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 P168.00 million (2013 - P107.01 million).

##### *(b) Investment property/Estimate of clearing costs (Note 15)*

As discussed in Note 11, the Supreme Court affirmed the validity of the Group'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 470 hectares are expected to be recovered/cleared and re-titled in the name of the Parent Company as at December 31, 2014 (2013- 455 hectares). This estimate is assessed regularly between one to three years based on independent contractor's interaction with current occupants.

Given the above, management has estimated total clearing and re-titling costs to be approximately P578.34 million as at December 31, 2014 (2013 - P580.08 million). 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 re-titled lots which have already 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, 2014 and 2013.

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.

## 4.2 Critical accounting judgments

### (a) Recognition of deferred income tax assets (Note 21)

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 P94.62 million (2013 - P82.19 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 arrangement is not structured through a separate vehicle and the Group has direct access to the arrangements' assets and obligations for liabilities. As such, the arrangement is classified as joint operations.

Total land contributed to joint operations as at December 31, 2014 and 2013 is 17.68 hectares amounting to P113 million and is recorded as part of land held for development in the statement of financial position.

### (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 6. During the year, the Group has written-off its receivable for quitclaim agreements amounting to P7.47 million, which was previously provided for. As at December 31, 2014, the carrying value of Group's receivables amounted to P3.6 million (2013 - P16.21 million).

## **Note 5 - Cash**

Cash as at December 31 consist of:

	2014	2013
Cash on hand	30,000	10,000
Cash in banks	46,145,692	3,620,412
	46,175,692	3,630,412

Cash in banks earn interest at the prevailing bank deposit rates. Interest income earned from bank deposits for the year ended December 31, 2014 amounts to P44,548 (2013 - P4,272).

**Note 6 - Receivables, net**

Receivables as at December 31 consist of:

	Note	2014	2013
Receivables from sale of land and real properties held for development and sale		2,882,744	3,525,228
Advances to subcontractors		1,258,825	-
Receivables from sale of investment property	11	-	12,271,275
Receivables from quitclaim agreements		-	7,473,000
Others		757,296	422,290
		4,898,865	23,691,793
Allowance for impairment		-	(7,473,000)
		4,898,865	16,218,793

Receivables from sale of land represent receivable from joint arrangement arising from the proceeds of sold units attributable to the Parent Company and from the sale of investment property to Hundred Lake Development Corp. (Note 11).

Receivables from quitclaim agreements represent the balances of the consideration due to the Parent Company 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 Parent Company the agreed amounts as consideration for the transfer of absolute ownership to the properties. For the year ended December 31, 2014, the Parent Company has written-off its receivables from quitclaim agreements based on the absence of any expectation to collect cash.

There are no additional allowance for impairment for the years ended December 31, 2014 and 2013.

**Note 7 - Available-for-sale financial assets**

Available-for-sale financial assets as at December 31, 2014 and 2013 consist of:

Listed	2,880
Unlisted	626,443
	629,323
Cumulative fair value loss	(8,943)
	620,380

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

There were no purchases and disposals of available-for-sale financial assets for the years ended December 31, 2014 and 2013. There were also no changes in the fair values of the available-for-sale financial assets for the years then ended.

**Note 8 - Prepayments and other current assets**

Prepayments and other current assets as at December 31 consist of:

	2014	2013
Advances to subcontractors	24,062,622	-
Creditable withholding taxes	13,722,268	13,669,657
Input value-added taxes (VAT)	1,611,581	341,642
Prepaid insurance	47,002	-
Prepaid tax	16,631	52,610
	39,460,104	14,063,909

Advances to subcontractors comprise of payments made by the Parent Company relating to services, materials and supplies needed for the construction of Project Casas Aurora. These are expected to be liquidated for a period of not more than twelve (12) months.

**Note 9 - Funds held by custodian bank**

The account represents restricted funds from the proceeds of the Group'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 Group to the SEC in connection with the stock rights offering.

Details of funds held by custodian bank as at December 31 consist of:

	2014	2013
Special savings deposit	15,784,000	15,730,000
Receivables	14,798	27,528
Demand deposit	10,160	623
Payables	(23,126)	(35,501)
	15,785,832	15,722,650

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 for any claims received, hence, the amount was presented as current liability. During 2014, there was a payment of the principal amounting to P3,140. There were no withdrawals from the fund during 2013.

**Note 10 - Properties held for development and sale**

Properties held for development and sale as at December 31 consists of:

	2014	2013
Land held for development		
As at January 1	1,046,511,452	988,709,510
Additions, including capitalized interest	15,684,374	9,247,867
Reclassifications from investment properties	-	56,247,000
Reversal of capitalized cost	(82,251,920)	-
Transferred to completed jobs and cost of sales	(5,861,245)	(7,692,925)
As at December 31	974,082,661	1,046,511,452
Real properties held for development and sale	938,437	938,437
	975,021,098	1,047,449,889

In 2012, the Group 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 2014 amounted P11.64 million (2013 - P93.86 million; 2012 - P7.67 million). Total cost of lots sold amounted to P5.86 million (2013 - P128.66 million; 2012 - P4.87 million).

Relative to the agreement with a leading real estate developer, 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 amounting to P4.98 million are being capitalized in the land held for development.

Total borrowing costs capitalized as land held for development at December 31, 2014 amounts to P2,687,750 (2013 - P3,025,000).

As at December 31, 2014 and 2013, real properties held for development and sale amounted to P938,437. These comprise of completed and fully developed lots under the agreement.

Except for the transactions reported in the statement of cash flows, the other movements in the account are non-cash transactions.

**Note 11 - Investment property**

The movements in investment property for the years ended December 31 are as follows:

	Note	2014	2013
As at January 1		1,678,607,000	1,271,950,151
Fair value gain		97,500,000	537,597,080
Clearing costs on additional recoverable hectares	15	52,500,000	-
Additions, including capitalized interest		42,152,079	44,730,619
Reclassification to land held for development		-	(56,247,000)
Disposal of property		-	(119,423,850)
As at December 31		1,870,759,079	1,678,607,000

As at December 31, 2014, the fair value of the Group's investment property amounted to P1.87 billion (2013 - P1.68 billion). The property, which is situated in Binangonan, Rizal, was acquired in 1978 primarily for purpose of development of a subdivision project. This property has a total area of about 2,200 hectares and is registered in the Group's name in several Transfer Certificate of Titles.

Increase in fair value of the investment property for the year ended December 31, 2014 is attributed to increase in recoverable hectares (Note 2.8) while that for 2013 is attributed to on-going developments on the property.

Fair value of investment property is determined on the basis of appraisal made by an independent external appraiser. Valuation technique employed by the appraisers pertains to market approach making use of prices and other relevant information generated by market transactions of involving identical or comparable properties (Note 2.11). The most significant observable input used is price per square meter of similar properties for sale within the location. As at December 31, 2014 and 2013, the cumulative fair value gain on investment property amounts to P1.28 billion (2013 - P1.18 billion).

The Group does not currently earn income and does not incur direct operating expenses from its investment property. Total cumulative borrowing costs capitalized as at December 31, 2014 amounted to P167.84 million (2013 - P125.79 million).

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 Parent Company'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 who have acquired ownership through acquisitive prescription of dominion and other real rights. 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.

On September 10, 2013, the Group sold 18.37 hectare of its investment property to Hundred Lake Development Corp. with a carrying amount of P119.42 million (P650 per square meter) for P87.27 million (P475 per square meter). The disposal of the investment property resulted in a loss of P32.15 million. The Group received payments of P75.00 million upon execution of the Contract to Sell in 2013 and P12.27 million upon transfer of title in 2014.

Except for the transactions reported in the statement of cash flows, the other movements in the account are non-cash transactions.

#### **Note 12 - Property and equipment, net**

Details and movements of property and equipment as at and for the years ended December 31 follow:

	Office equipment	Furniture and fixtures	Transportation equipment	Communication equipment	Total
<b>Cost</b>					
As at January 1, 2013	2,084,354	2,122,399	431,818	202,278	4,840,849
Additions	-	-	-	-	-
As at December 31, 2013	2,084,354	2,122,399	431,818	202,278	4,840,849
Additions	68,625	-	1,831,942	-	1,900,567
As at December 31, 2014	2,152,979	2,122,399	2,263,760	202,278	6,741,416
<b>Accumulated depreciation</b>					
As at January 1, 2013	1,983,501	2,001,772	431,817	202,273	4,619,363
Depreciation	42,189	46,731	-	-	88,920
As at December 31, 2013	2,025,690	2,048,503	431,817	202,273	4,708,283
Depreciation	43,383	42,996	122,130	-	208,509
As at December 31, 2014	2,069,073	2,091,499	553,947	202,273	4,916,792
<b>Net book value</b>					
As at December 31, 2014	83,906	30,900	1,709,813	5	1,824,624
As at December 31, 2013	58,664	73,896	1	5	132,566

As at December 31, 2014 and 2013, fully depreciated property and equipment with cost of P634,096 are still in use.

**Note 13 - Other assets**

Other assets as at December 31 consist of:

	2014	2013
Refundable deposits	1,007,763	1,007,763
Computer software, net	75,635	105,726
Others	62,050	62,050
	1,145,448	1,175,539

Computer software is net of accumulated amortization amounting to P215,983 (2013 - P163,220). Amortization expense charged to profit or loss for the year ended December 31, 2014 amounted to P52,763 (2013 - P51,348; 2012 - P53,197).

**Note 14 - Accounts payable and accrued expenses**

Accounts payable and accrued expenses as at December 31 consist of:

	Notes	2014	2013
Accounts payable		10,476,964	5,247,941
Retention payable		376,054	-
Liability for land acquisition	10,11	-	82,251,920
Accrued expenses and other payables			
Interest, penalties and related charges	16	225,290,427	170,417,439
Real property taxes		28,581,546	29,208,251
Professional fees		-	976,038
Customer's deposits		1,341,765	359,430
Salaries, wages and benefits	18	645,309	-
Others		7,536,061	2,358,668
		274,248,126	290,819,687

In 2014, the liability for land acquisition, which represents an outstanding payable to a service provider and previously capitalized as land held for development, was reversed based on latest assessment of clearing costs. The reversal is considered as non-cash transaction and did not have any impact in profit or loss.

Interest, penalties and related charges represent interest arising from Group's notes payable to MHC, PrimeEast Properties, Inc. and T&M Holdings, Inc. (Note 16) bearing annual interest ranging from 12% to 22%.

**Note 15 - Provision for clearing costs**

The movements in provision for clearing costs for the years ended December 31 are as follows:

	Note	2014	2013
As at January 1		580,081,917	727,223,274
Additions during the year	11	52,500,000	-
Payments		(1,740,000)	(147,141,357)
As at December 31		630,841,917	580,081,917

Analysis of the total provisions is as follows:

	2014	2013
Current	3,401,017	5,141,017
Non-current	627,440,900	574,940,900
	630,841,917	580,081,917

**Note 16 - Short-term borrowings**

Short-term borrowings as at December 31 consist of:

	2014	2013
Related parties		
MHC	224,869,900	224,869,900
PrimeEast Properties, Inc.	50,000,000	50,000,000
T&M Holdings, Inc.	15,500,000	15,500,000
Tagaytay Properties and Holdings Corporation	2,000,000	-
	292,369,900	290,369,900
Third parties	75,761,532	10,000,000
	368,131,432	300,369,900

The borrowings from MHC are unsecured with no definite payment terms and bear interest from 12% to 18% per annum. MHC is the largest stockholder of the Parent Company.

Notes payable to T&M Holdings, Inc., a related party, amounting to P15.5 million, are unsecured borrowings and carry interest rate of 15% per annum.

In 2014, the Group issued notes payable to Tagaytay Properties and Holding Corporation, a related party, amounting to P3.50 million. These new borrowings are unsecured and carry interest at a rate of 15% per annum. The Group has settled P1.50 million of these borrowings in December 2014.

Loan from PrimeEast Properties, Inc. arose directly from reacquisition of land in Binangonan, Rizal and is unsecured and has no definite payment terms.

Advances from third parties are unsecured and is payable in cash one year from availment date.

Interest and related charges from these borrowings for the year ended December 31, 2014 amounted to P44.68 million (2013 - P41.64 million; 2012 - P35.99 million) and are capitalized as part of the cost of investment property and land held for development (Notes 10 and 11).

The borrowings are presented as current liabilities as balances are deemed payable in cash on demand in the absence of definite payment terms.



**Note 17 - Share capital; Earnings per share**

*(a) Share capital*

Details of share capital as at December 31, 2014 and 2013 consist of:

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

Class A and Class B shares of the Parent Company 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, 2013, the SEC has approved the declassification of its Class A and Class B shares into one type of share without classification.

In 2013, proceeds from issuance of 147,291,992 shares (2012- 52,622,000 shares) at a price of P1 per share was presented under cash flows from financing activities in the consolidated statement of cash flows. There was no issuance in 2014.

*(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 Group'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, which are the same due to absence of dilutive potential common shares, for the years ended December 31 are as follows:

	2014	2013	2012
Net income for the year	46,778,807	322,990,957	89,128,406
Weighted average number of shares outstanding	999,913,978	999,913,978	824,253,044
Earnings per share	0.05	0.32	0.11

*(d) Liability for refund of stock rights subscription*

On February 19, 1996, the SEC approved the Parent 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 Parent 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 Parent 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 statements of financial position.

**Note 18 - Salaries, wages and employee benefits**

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

	2014	2013	2012
Salaries and wages	4,457,260	4,632,930	6,458,738
Bonus and allowances	1,056,129	509,033	348,824
SSS, Philhealth and HDMF	93,798	65,064	67,286
	5,607,187	5,207,027	6,874,848

The total compensation of the Parent Company's key management personnel for the year ended December 31, 2014 amounted to P3.1 million (2013 - P3.5 million; 2012- 4.8 million)

As at December 31, 2014, the Parent Company 8 regular employees (2013 - 6 regular employees). Consequently, it is exempted from the provisions of Philippine Republic Act No. 7641 Retirement Pay Law.

**Note 19 - Other expenses**

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

	2014	2013	2012
Meeting expenses	2,274,291	997,019	334,954
Gasoline, oil and parking	562,282	357,194	85,315
Dues and subscription	386,339	254,770	359,650
Representation expense	278,470	-	-
Christmas expense	185,297	180,648	199,665
Communication expense	142,235	97,414	104,985
Repairs and maintenance	85,436	127,151	94,440
Light and water	330,778	335,825	356,434
Medical	-	264,471	321,816
Miscellaneous	1,494,239	1,835,942	1,865,618
	5,739,367	4,450,434	3,722,877

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

**Note 20 - Lease commitments**

The Group has entered into a non-cancellable lease agreement with a related party for its office space. The lease agreement has a term of three (3) years, expiring in 2014, and is renewable annually.

Rent expense charged to operations for the year ended December 31, 2014 amounts to P3.71 million (2013 - P3.71 million; 2012 - P3.78 million). As at December 31, the minimum aggregate rental payments for future years are as follows:

	2014	2013	2012
Within one year	3,707,046	3,398,126	3,707,046
After one year but not more than five years	7,414,092	-	7,414,092
	11,121,138	3,398,126	11,121,138

**Note 21 - Income taxes**

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

	2014	2013	2012
Current	-	-	-
Deferred	29,393,530	161,279,124	44,271,859
	29,393,530	161,279,124	44,271,859

The reconciliation of the provision for income tax computed at the statutory tax rate to actual provision shown in the statement of total comprehensive income is as follows:

	2014	2013	2012
Income before income tax	76,172,336	484,270,081	133,400,265
Provision for income tax at income tax rate of 30%	22,851,701	145,281,024	40,020,080
Tax effects of:			
Unrecognized DTA on NOLCO	6,411,663	15,339,381	4,252,535
Expired excess MCIT over normal income tax	143,530	-	-
Income subject to final tax	(13,364)	(1,281)	(674)
Non-deductible expenses	-	660,000	-
	29,393,530	161,279,124	44,271,941

Details of deferred income tax liabilities and deferred charges as at December 31 are as follows

	2014	2013
Fair value gains on investment property	383,449,385	354,199,385
MCIT	(171,390)	(199,415)
	383,277,995	353,999,970

Deferred income tax liability relating to fair value gain on investment property is expected to be settled beyond twelve (12) months after reporting date. Deferred charges relating to MCIT are expected to be realized within twelve (12) months after reporting date. For the years ended December 31, 2014 and 2013, the movement in deferred income tax liability arising from fair value gain on investment property was 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 were not recognized as at December 31, 2014 and 2013 since management believes that these may not be recovered due to the Group's limited capacity to generate taxable income. The details of unrecognized deferred income tax asset are as follows:

	2014	2013
Net operating loss carryover (NOLCO)	26,003,497	19,591,834
Accrued interest, penalties and related charges	59,877,472	51,125,232
Allowance for impairment losses	-	2,513,918
Accrued real property taxes	8,574,464	8,762,475
	94,455,433	81,993,459

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	Valid until	2014	2013
2014	2017	21,372,211	-
2013	2016	51,131,270	51,131,270
2012	2015	14,174,842	14,174,842
		86,678,323	65,306,112
Deferred income tax asset not recognized at 30%		26,003,497	19,591,834

The Parent Company is liable to MCIT equivalent to 2% of gross income, as defined in the tax regulations. The details of the Parent Company's excess MCIT over normal income tax 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	2014	2013
2014	2017	115,505	-
2012	2015	55,885	55,885
2011	2014	-	143,530
MCIT		171,390	199,415

## **Note 22 - 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 details of these claims, lawsuits and taxes were not disclosed as it might prejudice the on-going litigations.

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 23 - 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.

		2014	
	Transactions	Outstanding receivable (payable)	Terms and conditions
Rental expenses Investor	3,707,046	-	The transactions arise from a lease agreement with MHC, its largest stockholder (Note 20). The balance is unsecured, is payable in cash on demand and bears no interest
Short-term borrowings, including related interest Investor			The balance is unsecured, consists of several promissory notes payable in cash with no definite payment terms and bearing interest of 12% to 18% per annum (Note 16).
Principal	2,000,000	(292,369,900)	
Interest	42,002,079		
Salaries, wages and employee benefits Key management personnel	3,112,615	(438,864)	The balance is unsecured and is payable in cash on demand.
		2013	
	Transactions	Outstanding receivable (payable)	Terms and conditions
Rental expenses Shareholder	3,707,046	-	The transactions arise from a lease agreement with MHC, its largest stockholder (Note 20). The balance is unsecured, is payable in cash on demand and bears no interest.
Short-term borrowings, including related interest Investor			The balance is unsecured, consists of several promissory notes payable in cash with no definite payment terms and bearing interest of 12-18% per annum (Note 16).
Principal	15,500,000	(290,369,900)	
Interest	41,637,079		
Salaries, wages and employee benefits Key management personnel	3,500,000	-	The balance is unsecured and is payable in cash on demand.

**Note 24 - 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. and Subsidiary**

Schedule of Philippine Financial Reporting Standards  
Effective as at December 31, 2014

The following table summarizes the effective standards and interpretations as at December 31, 2014:

		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>Framework for the Preparation and Presentation of Financial Statements</b>				
	Conceptual Framework Phase A: Objectives and qualitative characteristics	✓		
<b>PFRSs Practice Statement Management Commentary</b>				✓
<b>Philippine Financial Reporting Standards</b>				
<b>PFRS 1 (Revised)</b>	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			✓
<b>PFRS 2</b>	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
<b>PFRS 3 (Revised)</b>	Business Combinations			✓
<b>PFRS 4</b>	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
<b>PFRS 5</b>	Non-current Assets Held for Sale and Discontinued Operations			✓
<b>PFRS 6</b>	Exploration for and Evaluation of Mineral Resources			✓

		Adopted	Not Adopted	Not Applicable	
<b>PFRS 7</b>	Financial Instruments: Disclosures	✓			
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓			
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓			
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓			
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓			
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓			
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures*	✓			
	Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in PFRS 9*			✓	
<b>PFRS 8</b>	Operating Segments			✓	
<b>PFRS 9</b>	Financial Instruments	✓			
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*		✓		
	Reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of PFRS 9.*			✓	
	Amendment to PFRS 9, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition*			✓	
<b>PFRS 10</b>	Consolidated Financial Statements	✓			
	Amendments to PFRS 10, 12 and PAS 27: Consolidation for investment entities	✓			
	Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture*			✓	
	Amendments regarding the application of the consolidation exception*			✓	



		Adopted	Not Adopted	Not Applicable
<b>PFRS 11</b>	Joint Arrangements	✓		
	Amendments regarding the accounting for acquisitions of an interest in a joint operation *		✓	
<b>PFRS 12</b>	Disclosure of Interests in Other Entities	✓		
	Amendments regarding the application of the consolidation exception*		✓	
<b>PFRS 13</b>	Fair Value Measurement	✓		
<b>PFRS 14</b>	Regulatory Deferral Accounts*		✓	
<b>PFRS 15</b>	Revenue from Contracts with Customers*		✓	
<b>Philippine Accounting Standards</b>				
<b>PAS 1 (Revised)</b>	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments resulting from the disclosure initiative*		✓	
<b>PAS 2</b>	Inventories			✓
<b>PAS 7</b>	Statement of Cash Flows	✓		
<b>PAS 8</b>	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
<b>PAS 10</b>	Events after the Reporting Period	✓		
<b>PAS 11</b>	Construction Contracts			✓
<b>PAS 12</b>	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
<b>PAS 16</b>	Property, Plant and Equipment	✓		
	Amendments regarding the clarification of acceptable methods of depreciation and amortization*		✓	
	Amendments bringing bearer plants into the scope of PAS 16*		✓	
<b>PAS 17</b>	Leases	✓		
<b>PAS 18</b>	Revenue	✓		

		Adopted	Not Adopted	Not Applicable
<b>PAS 19 (Revised)</b>	Employee Benefits	✓		
	Amendments to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service*		✓	
<b>PAS 20</b>	Accounting for Government Grants and Disclosure of Government Assistance			✓
<b>PAS 21</b>	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
<b>PAS 23 (Revised)</b>	Borrowing Costs	✓		
<b>PAS 24 (Revised)</b>	Related Party Disclosures	✓		
<b>PAS 26</b>	Accounting and Reporting by Retirement Benefit Plans			✓
<b>PAS 27 (Amended)</b>	Separate Financial Statements	✓		
	Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements*		✓	
<b>PAS 28 (Amended)</b>	Investments in Associates and Joint Ventures			✓
	Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture*			✓
	Amendments regarding the application of the consolidation exception*		✓	
<b>PAS 29</b>	Financial Reporting in Hyperinflationary Economies			✓
<b>PAS 31</b>	Interests in Joint Ventures			✓
<b>PAS 32</b>	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
<b>PAS 33</b>	Earnings per Share	✓		
<b>PAS 34</b>	Interim Financial Reporting			✓

		Adopted	Not Adopted	Not Applicable
<b>PAS 36</b>	Impairment of Assets	✓		
	Amendment to PAS 36: Impairment of assets - Recoverable amount disclosures	✓		
<b>PAS 37</b>	Provisions, Contingent Liabilities and Contingent Assets	✓		
<b>PAS 38</b>	Intangible Assets	✓		
	Amendments regarding the clarification of acceptable methods of depreciation and amortization*		✓	
<b>PAS 39</b>	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Financial Instruments: Recognition and Measurement - Novation of Derivatives and Hedge Accounting	✓		
	Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in PAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when PFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception*			✓
<b>PAS 40</b>	Investment Property	✓		
<b>PAS 41</b>	Agriculture			✓
	Amendments bringing bearer plants into the scope of PAS 16*		✓	

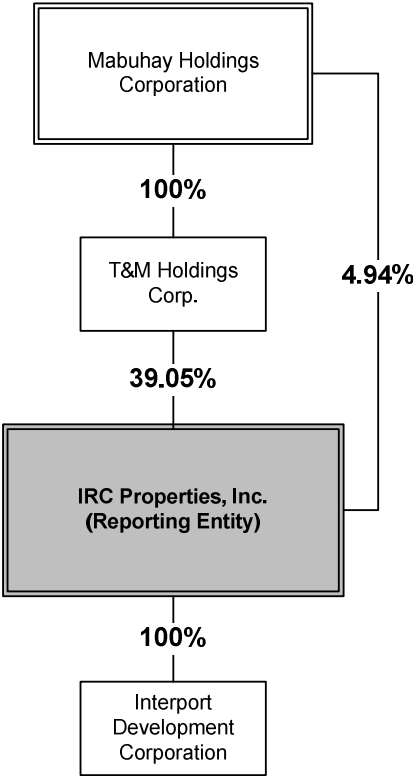
		Adopted	Not Adopted	Not Applicable
<b>Philippine Interpretations</b>				
<b>IFRIC 1</b>	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
<b>IFRIC 2</b>	Members' Share in Co-operative Entities and Similar Instruments			✓
<b>IFRIC 4</b>	Determining Whether an Arrangement Contains a Lease	✓		
<b>IFRIC 5</b>	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
<b>IFRIC 6</b>	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
<b>IFRIC 7</b>	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
<b>IFRIC 8</b>	Scope of PFRS 2			✓
<b>IFRIC 9</b>	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC - 9 and PAS 39: Embedded Derivatives			✓
<b>IFRIC 10</b>	Interim Financial Reporting and Impairment			✓
<b>IFRIC 11</b>	PFRS 2 - Group and Treasury Share Transactions			✓
<b>IFRIC 12</b>	Service Concession Arrangements			✓
<b>IFRIC 13</b>	Customer Loyalty Programmes			✓
<b>IFRIC 14</b>	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement			✓
<b>IFRIC 16</b>	Hedges of a Net Investment in a Foreign Operation			✓
<b>IFRIC 17</b>	Distributions of Non-cash Assets to Owners			✓
<b>IFRIC 18</b>	Transfers of Assets from Customers			✓
<b>IFRIC 19</b>	Extinguishing Financial Liabilities with Equity Instruments			✓
<b>IFRIC 20</b>	Stripping Costs in the Production Phase of a Surface Mine			✓
<b>IFRIC 21</b>	Levies	✓		
<b>SIC-7</b>	Introduction of the Euro			✓
<b>SIC-10</b>	Government Assistance - No Specific Relation to Operating Activities			✓

		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>SIC-12</b>	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
<b>SIC-13</b>	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
<b>SIC-15</b>	Operating Leases - Incentives			✓
<b>SIC-25</b>	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
<b>SIC-27</b>	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
<b>SIC-29</b>	Service Concession Arrangements: Disclosures			✓
<b>SIC-31</b>	Revenue - Barter Transactions Involving Advertising Services			✓
<b>SIC-32</b>	Intangible Assets - Web Site Costs			✓

The standards and interpretations marked with an asterisk (\*) refer to those standards and interpretations that are effective after January 1, 2014.

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

**IRC Properties, Inc.**  
Map of the Group of Companies within which the Reporting Entity Belongs  
December 31, 2014



**IRC Properties, Inc.**

Schedule A. Financial Assets

December 31, 2014

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at balance sheet date	Income received and accrued
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, 2014

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
<b>NONE</b>							



**IRC Properties, Inc.**

Schedule C. Amounts Receivable from Related Parties which are Eliminated  
during the Consolidation of the financial statements  
December 31, 2014

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Interport Development Corporation	83,347,364	142,106	-	-	83,489,470	-	83,489,470
Total	83,347,364	142,106	-	-	83,489,470	-	83,489,470



**IRC Properties, Inc.**

Schedule E. Long-term debt  
December 31, 2014

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet
	NONE		

**IRC Properties, Inc.**

Schedule F. Indebtedness to related parties (Long-term loans from Related Companies)  
December 31, 2014

Name of related party	Balance at beginning of period	Balance at end of period
Mabuhay Holdings Corporation	224,869,900	224,869,900
PrimeEast Properties, Inc.	50,000,000	50,000,000
T&M Holdings, Inc.	15,500,000	15,500,000
Tagaytay Properties and Holdings Corporation	-	2,000,000
	290,369,900	292,369,900

**IRC Properties, Inc.**

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

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
	NONE			

**IRC Properties, Inc.**

Schedule H. Capital Stock  
December 31, 2014

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
PCD NOMINEE CORP. (F)	467,964,031	467,964,031	-			467,964,031
T & M HOLDINGS, INC.	214,916,000	214,916,000	-	214,916,000		
PRIMEEAST PROPERTIES, INC.	69,815,500	69,815,500	-			69,815,500
ASUNCION, ALEXANDER G.	63,589,000	63,589,000	-		63,589,000	
T & M HOLDINGS, INC.	47,689,200	47,689,200	-	47,689,200		
PCD NOMINEE CORP. (NF)	37,894,000	37,894,000	-			37,894,000
MABUHAY HOLDINGS CORPORATION	29,719,197	29,719,197	-	29,719,197		
ASUNCION, ALEXANDER G.	26,425,000	26,425,000	-		26,425,000	
MABUHAY HOLDINGS CORPORATION	7,499,446	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
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, JEANETTE A.	750,000	750,000	-			750,000
DAVID GO SECURITIES CORPORATION	719,000	719,000	-			719,000
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	17,430,604	17,430,590	-			17,430,590
	999,913,978	999,913,964	-	293,266,397	97,513,446	609,134,121

**IRC Properties, Inc.**

Schedule H. Capital Stock

December 31, 2014

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

**IRC Properties, Inc.**

Reconciliation of Retained Earnings  
As at December 31, 2014  
(All amounts in Philippine Peso)

Unappropriated Retained Earnings, based on audited financial statements, beginning		236,721,993
Less: Cumulative fair value adjustment of investment property resulting to gain		(1,180,664,616)
Unappropriated Retained Earnings, adjusted		(943,942,623)
Add: Net income actually earned/realized during the period	46,778,806	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain (except those attributable to cash and cash equivalents)	-	
Unrealized actuarial gain	-	
Fair value adjustment	-	
Fair value adjustment of investment property resulting to gain	(97,500,000)	
Adjustment due to deviation from PFRS/GAAP - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	-	
Sub-total	(50,721,194)	
Add: Non actual losses		
Depreciation on revaluation in revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS/GAAP - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Net income actually earned during the period	(50,721,194)	(50,721,194)
Add (Less):		
Dividend declarations during the year	-	
Appropriations of retained earnings during the year	-	
Reversals of appropriations	-	
Effects of prior period adjustments	-	
Treasury shares	-	
Accumulated share in income of an associate	-	-
		(994,663,817)



**IRC Properties Inc.**

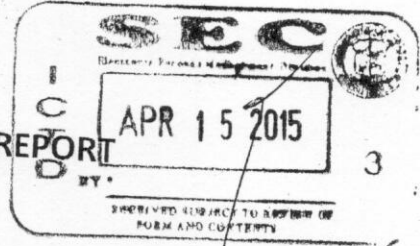
**Financial Soundness Indicators  
December 31, 2014 and 2013**

	<b>Dec. 31, 2014*</b>	<b>Dec. 31, 2013*</b>
Working Capital	420,395,564	485,652,779
Current Ratio	1.635	1.793
Quick Ratio	.138	.059
Asset to Equity Ratio	2.303	2.246
Debt to Assets Ratio	.566	.555
Debt to Equity Ratio	1.303	1.246
Gross Profit Margin	.946	.796
Operating Profit Margin	.698	.767
Net Profit Margin	.428	.511
Return on Assets	.015	.116
Return on Equity	.36	.261
Interest Coverage Ratio	-nil-	-nil-

SECURITIES AND EXCHANGE COMMISSION

SEC FORM - ACGR

ANNUAL CORPORATE GOVERNANCE REPORT



1. Report is Filed for the Year: 2012 (with consolidated changes for the Year 2014)
2. Exact Name of Registrant as Specified in its Charter :IRC PROPERTIES INC.
3. 35/F Rufino Pacific Tower, 6784 Ayala Ave., Makati City      1223  
Address of Principal Office      Postal Code
4. SEC Identification Number:60312  
Industry Classification Code
5.  (SEC Use Only)
6. BIR Tax Identification Number: 000-464-876
7. Issuer's Telephone number, including area code :(632) 750-2000
8. Former name or former address, if changed from the last report: Not Applicable

## TABLE OF CONTENTS

<b>A. BOARD MATTERS.....</b>	<b>5</b>
1) BOARD OF DIRECTORS.....	
(a) Composition of the Board.....	5
(b) Corporate Governance Policy/ies.....	5
(c) Review and Approval of Vision and Vision.....	6
(d) Directorship in Other Companies.....	6
(e) Shareholding in the Company.....	7
2) CHAIRMAN AND CEO.....	8
3) PLAN FOR SUCCESSION OF CEO/MANAGING DIRECTOR/PRESIDENT AND TOP KEY POSITIONS...9	
4) OTHER EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS.....	9
5) CHANGES IN THE BOARD OF DIRECTORS.....	10
6) ORIENTATION AND EDUCATION PROGRAM.....	16
<b>B. CODE OF BUSINESS CONDUCT &amp; ETHICS.....</b>	<b>16</b>
1) POLICIES.....	16
2) DISSEMINATION OF CODE.....	18
3) COMPLIANCE WITH CODE.....	18
4) RELATED PARTY TRANSACTIONS.....	18
(a) Policies and Procedures.....	18
(b) Conflict of Interest.....	19
5) FAMILY, COMMERCIAL AND CONTRACTUAL RELATIONS.....	20
6) ALTERNATIVE DISPUTE RESOLUTION.....	20
<b>C. BOARD MEETINGS &amp; ATTENDANCE.....</b>	<b>20</b>
1) SCHEDULE OF MEETINGS.....	20
2) DETAILS OF ATTENDANCE OF DIRECTORS.....	20
3) SEPARATE MEETING OF NON-EXECUTIVE DIRECTORS.....	21
4) QUORUM REQUIREMENT .....	21
5) ACCESS TO INFORMATION.....	21
6) EXTERNAL ADVICE.....	22
7) CHANGES IN EXISTING POLICIES.....	22
<b>D. REMUNERATION MATTERS.....</b>	<b>22</b>
1) REMUNERATION PROCESS.....	22
2) REMUNERATION POLICY AND STRUCTURE FOR DIRECTORS.....	23
3) AGGREGATE REMUNERATION .....	23
4) STOCK RIGHTS, OPTIONS AND WARRANTS.....	24
5) REMUNERATION OF MANAGEMENT.....	24
<b>E. BOARD COMMITTEES.....</b>	<b>24</b>
1) NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES.....	24
2) COMMITTEE MEMBERS.....	27
3) CHANGES IN COMMITTEE MEMBERS.....	29
4) WORK DONE AND ISSUES ADDRESSED.....	29
5) COMMITTEE PROGRAM.....	29
<b>F. RISK MANAGEMENT SYSTEM.....</b>	<b>30</b>
1) STATEMENT ON EFFECTIVENESS OF RISK MANAGEMENT SYSTEM.....	30
2) RISK POLICY.....	30
3) CONTROL SYSTEM.....	31

<b>G. INTERNAL AUDIT AND CONTROL</b> .....	31
1) STATEMENT ON EFFECTIVENESS OF INTERNAL CONTROL SYSTEM.....	31
2) INTERNAL AUDIT	
(a) Role, Scope and Internal Audit Function.....	32
(b) Appointment/Removal of Internal Auditor.....	32
(c) Reporting Relationship with the Audit Committee.....	32
(d) Resignation, Re-assignment and Reasons.....	32
(e) Progress against Plans, Issues, Findings and Examination Trends.....	32
(f) Audit Control Policies and Procedures.....	33
(g) Mechanisms and Safeguards.....	33
<b>H. ROLE OF STAKEHOLDERS</b> .....	33
<b>I. DISCLOSURE AND TRANSPARENCY</b> .....	35
<b>J. RIGHTS OF STOCKHOLDERS</b> .....	37
1) RIGHT TO PARTICIPATE EFFECTIVELY IN STOCKHOLDERS' MEETINGS.....	38
2) TREATMENT OF MINORITY STOCKHOLDERS.....	40
<b>K. INVESTORS RELATIONS PROGRAM</b> .....	41
<b>L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES</b> .....	42
<b>M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL</b> .....	42
<b>N. INTERNAL BREACHES AND SANCTIONS</b> .....	42

## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Articles of Incorporation	Eleven (11)
---	-------------

Actual number of Directors for the year	Eleven (11)
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#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) <sup>1</sup>	Elected when (Annual /Special Meeting)	No. of years served as director
Esteban G. Peña Sy	ED		Araceli C. Molina	3/12/08	July 29, 2014	ASM *	6
Alexander G. Asuncion	ED		Araceli C. Molina	3/12/08	July 29, 2014	ASM*	6
Wong Peng Chong	NED		Araceli C. Molina	9/23/10	July 29, 2014	ASM*	4
Kong Muk Yin	NED		Araceli C. Molina	9/23/10	July 29, 2014	ASM*	4
Gil Miguel Puyat	NED		Araceli C. Molina	3/12/08	July 29, 2014	ASM*	6
Roberto V. San Jose	NED		Araceli C. Molina	3/12/08	July 29, 2014	ASM*	6
Frisco F. San Juan	NED		Araceli C. Molina	3/12/08	July 29, 2014	ASM*	6
Georgina A. Monsod	ED		Araceli C. Molina	10/5/12	July 29, 2014	ASM*	2
Steven G. Virata	NED		Araceli C. Molina	3/12/08	July 29, 2014	ASM*	6
Rodrigo B. Supeña	ID		Araceli C. Molina	9/23/10	July 29, 2014	ASM*	4
Antonio V. Syyap	ID		Araceli C. Molina	3/12/08	July 29, 2014	ASM*	6

\*Annual Stockholders Meeting held on July 29, 2014

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

#### ***Treatment of all shareholders***

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

#### ***Respect for the rights of minority shareholders and of other stakeholders***

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

Although all stockholders should be treated equally or without discrimination, minority stockholders may request in writing the holding of meetings and the items for discussion in the agenda that relate directly to a

<sup>1</sup> Reckoned from the election immediately following January 2, 2012.

legitimate purpose and the business of the Corporation, subject to the requirement under the By-laws that such requesting stockholder is the holder of record of not less than one-fourth of the outstanding voting capital stock of the Corporation.

**Disclosure Duties**

The essence of corporate governance is transparency. The Board believes that the transparency in the internal workings of the corporation shall diminish or discourage mismanagement of the corporation or misappropriation of assets. It is therefore essential that all material information about the corporation which could adversely affect its viability or the interest of the stockholders should be publicly and timely disclosed. Such information include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, minimum public ownership, direct/ indirect remuneration of members of the Board and Management and other corporate disclosures required for reporting by the regulators. All required information are fully disclosed through the submissions and filings made to the SEC and the PSE.

**Board Responsibilities**

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

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

- (c) How often does the Board review and approve the vision and mission?

**The board reviews and approves the company's vision & mission every three (3) years.**

- (d) Directorship in Other Companies

- (i) Directorship in the Company's Group<sup>2</sup>

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Esteban G. Peña Sy	Mabuhay Holdings Corp.	Executive
Roberto V. San Jose	Mabuhay Holdings Corp.	Non-Executive/ Chairman
Wong Peng Chong	Mabuhay Holdings Corp.	Non-Executive
Kong Muk Yin	Mabuhay Holdings Corp.	Non-Executive
Rodrigo B. Supeña	Mabuhay Holdings Corp.	Independent
Steven G. Virata	Mabuhay Holdings Corp.	Independent

- (ii) Directorship in Other Listed Companies

<sup>2</sup> The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

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

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Roberto V. San Jose	Anglo Phil. Holdings Corp. Vulcan Industrial & Mining Corp. ISM Communications Corporation	Non-Executive Non-Executive Non-Executive
Wong Peng Chong	COL Capital Limited*	Executive
Kong Muk Yin	COL Capital Limited* APAC Resources Limited* China Vision Media Group Limited*	Executive Executive Non-Executive

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

(iii) Relationship within the Company and its Group

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
Esteban G. Peña Sy	Mabuhay Holdings Corp.	ED/President

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

**No, the company has not yet set a limit on the number of board seats in other companies or five(5) board seats in other publicly listed companies that an individual director or CEO may hold simultaneously.**

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	NA	
Non-Executive Director	NA	
CEO	NA	

(e) Shareholding in the Company

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Esteban G. Peña Sy	250	971,000	0.12%
Alexander G. Asuncion	90,014,000		10.96%
Gil Miguel T. Puyat	11,000		0.00134%
Roberto V. San Jose	1,000		0.00012%
Eduardo Ma. Santos	1,150		0.00014%
Frisco F. San Juan	1,000		0.00012%
Wong Peng Chong	10,000		0.00122%
Kong Muk Yin	10,000		0.00122%

Rodrigo B. Supeña	150	0.00002%
Antonio V. Syyap	1,000	0.00012%
Steven G. Virata	150	0.00002%
<b>TOTAL</b>	<b>90,049,700</b>	<b>11.08432%</b>

2) Chairman and CEO

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

Yes  No

Identify the Chair and CEO:

Chairman of the Board & CEO	Esteban G. Peña Sy
President	Alexander G. Asuncion

**Although the position of Chairman and CEO is vested in one person only, management decisions are made by management committee where major decisions are approved by the board.**

- (b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	He effectively manages the affairs of the Board. He exercises such powers which are given him by the company's By-Laws and such other duties customarily incident to the said office and those which may be prescribed by the Board of directors from time to time. Generally he ensures that the Board is effective in its tasks of setting and implementing the company's direction and strategy.	The Chief Executive Officer of the Corporation together with the President are responsible for the effective management of the Company. He supervises and manages the internal organization and business affairs of the Corporation and ensures that the administrative and operational policies of the Corporation are carried out under his supervision and control.
Accountabilities	<p>Presides at all meetings of the Stockholders and of the Board of Directors.</p> <p>Maintains qualitative and timely lines of communication and information between the Board and Management.</p> <p>Holds board meetings in accordance with the by-laws or as he may deem necessary.</p>	<p>Upon authority granted by the Board of Directors, the CEO;</p> <ul style="list-style-type: none"> <li>• signs deeds, bonds, contracts, or other instruments;</li> <li>• authorizes the purchase or acquisition of properties, furniture, fixtures, or other office equipments</li> <li>• approves all expenses or disbursements authorized in the budget of the Corporation</li> <li>• represents the Corporation in any negotiation which may be necessary to make in the usual course of business</li> <li>• represents the Corporation in any judicial or administrative proceedings</li> <li>• appoints and discharges employees occupying the positions authorized by the Board of Director</li> <li>• performs all other duties customarily incident to his office and as may be prescribed by the Board from time to time.</li> </ul>
Deliverables	<p>Considers suggestions of the President, Management and the Directors in making meeting agenda to be prepared by the Corporate Secretary.</p> <p>Recommendation regarding the business of the Corporation is submitted for consideration of the Board of Directors.</p>	<p>Submits and recommends for Board approval:</p> <ul style="list-style-type: none"> <li>• short and long range plans for the Corporation;</li> <li>• Balance Sheet, Profit and Loss Statement, Budget of administration expenses and</li> <li>• Annual Report on the operation and condition of the Corporation Executes all resolutions of the stockholders and the Board of directors.</li> </ul>



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

**The President and the Board of Directors are made aware of all transactions, projects and developments through regular Board Meetings, so that each Director can assume or succeed the higher positions vacated. The same is done with the key management positions.**

- 4) Other Executive, Non-Executive and Independent Directors

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

**The company has an implied policy of nominating and electing to the Board persons who are knowledgeable of the real estate industry practices, banking & finance and legal practice. All Directors sitting in the Board have the necessary skills, competence and experience, in terms of management capabilities. They also possess practical understanding of the business of the Company.**

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

**The company has four non-executive directors who possess the competence and experience in the real estate industry where the Company belongs to.**

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

	Executive	Non-Executive	Independent Director
Role	The President is responsible for the effective management of the Company. He supervises and manages the internal organization and business affairs of the Corporation and ensures that the administrative and operational policies of the Corporation are carried out under his supervision and control.	A director's office is one of trust and confidence. Directors should act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress. In addition, an independent director identifies the most critical issues for the board to deal with and assist the board in achieving consensus on important issues.	
Accountabilities	<p>Upon authority granted by the Board of Directors the President;</p> <ul style="list-style-type: none"> <li>• signs deeds, bonds, contracts, or other instruments;</li> <li>• authorizes the purchase or acquisition of properties, furniture, fixtures, or other office equipments</li> <li>• approves all expenses or disbursements authorized in the budget of the Corporation</li> <li>• represents the Corporation in any negotiation which may be necessary to make in the usual course of business</li> <li>• represents the Corporation in any judicial or administrative proceedings</li> <li>• appoints and discharge employees occupying the positions authorized by the Board of Directors.</li> <li>• performs all other duties customarily incident to his office and as may be</li> </ul>	<p>He shall observe the following norms of conduct:</p> <ul style="list-style-type: none"> <li>• Conduct fair business transactions with the corporation and ensure that personal interest does not prejudice Board decisions;</li> <li>• Devotes time and attention necessary to properly discharge his duties and responsibilities;</li> <li>• Acts judiciously;</li> <li>• Exercises independent judgment;</li> <li>• Have working knowledge of the statutory and regulatory requirements affecting the Corporation, including the contents of its Articles of Incorporation, By-laws, the requirements of the SEC, and where applicable the requirements of other regulatory agencies such as the IC;</li> <li>• Observes confidentiality;</li> <li>• Ensures the continuing soundness, effectiveness and adequacy of the Company's internal control system.</li> </ul> <p>Directors shall have the duty of preparing and actively participating in board meetings. Independent directors should always attend board meetings.</p>	

	prescribed by the Board from time to time.	
Deliverables	<p>Submits and recommends for Board approval:</p> <ul style="list-style-type: none"> <li>• short and long range plans for the Corporation;</li> <li>• Balance Sheet, Profit and Loss Statement, Budget of administration expenses and</li> <li>• Annual Report on the operation and condition of the Corporation</li> </ul> <p>Executes all resolutions of the stockholders and the Board of directors.</p>	<p>The Board establishes the general policies and guidelines which will enable Management to render an effective management of the Company and as part of which undertakes to:</p> <ul style="list-style-type: none"> <li>• Formulate company's vision and mission;</li> <li>• Approve and confirm management's corporate strategies, major plans of actions, risk policy, annual budget and business plan;</li> <li>• Adopts a succession plan</li> <li>• Review annually the Company's compliance with its Code of Corporate Governance;</li> <li>• Approve corporate policies on major areas of operations, including Underwriting, Investments, Reinsurance Claims management and risk management</li> <li>• Ensures the adequacy and effectiveness of the Company's internal control and management information systems</li> <li>• Approves annual budget and general expenses upon recommendation of the President</li> <li>• Submits annually at regular General Meeting of Stockholders the Balance Sheet, Profit and Loss Statement and Annual Report on the condition of the Corporation;</li> </ul>

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

**Independent Director** refers to a person other than an officer or employee of the Corporation, its parent or subsidiaries, or any other individual having any relationship with the Corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. This means that apart from directors' fees and shareholdings, he should be independent of Management and free from any business or other relationships which could materially interfere with the exercise of his independent judgment. He must also possess all the qualifications and none of the disqualifications of an independent director provided under IC Circular Letter No. 31-2005, SRC Rule 38, the SEC Revised Code of Corporate Governance, and other relevant IC and SEC issuances and regulations.

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

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

**The Company follows the SEC's guidelines on setting the term limit for an Independent Director. The Company will formalize its policy which will be consistent with the related SEC Memorandum Circular 9, Series of 2011 on the Term Limits for Independent Directors, which took effect on January 2, 2012.**

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

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
Eduardo Ma. R. Santos	Director	October 5, 2012	Always out town and may not be able to fulfill duties of director

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

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

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	<p>The Board thru its Nomination Committee pre-screens the qualifications of all nominees to the Board of Directors, taking into consideration the relevant issuances of the Securities and Exchange Commission.</p> <p>At the organizational meeting of the Board of Directors, the Board elects the officers of the Company and designates the members of the corporate governance committees.</p>	<p>Qualifications of Regular Directors:</p> <p>Directors sitting in the Board shall possess the necessary skills, competence and experience, in terms of management capabilities.</p> <p>Directors must possess all the qualifications and none of the disqualifications of regular directors under IRC Revised Manual of Corporate Governance.</p> <p>The Board of directors may provide for additional qualifications of a director, such as but not limited to the following: (a) educational attainment,(b) practical understanding of the business, (c) membership in good standing in relevant industry, business, or professional organizations and (d) previous business experience.</p>
(ii) Non-Executive Directors	(Process adopted is similar as stated above)	(Same criteria provided above)
(iii) Independent Directors	(Process adopted is similar as stated above)	<p>Additional Qualifications of Independent Directors- apart from the qualifications set forth above:</p> <p>(a) A candidate for independent director must be independent of the Corporation's management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Corporation.</p> <p>(b) He should satisfy the definition, possess the qualifications and none of the disqualifications as provided by the SRC Rule 38 on the requirements on nomination and election of Independent Directors.</p>
<b>b. Re-appointment</b>		
(i) Executive Directors	Same process as appointment/selection	
(ii) Non-Executive Directors		

(iii) Independent Directors		
<b>c. Permanent Disqualification</b>		
(i) Executive Directors	<p>For any case any Director is involved in permanent disqualifications. The board shall review the case however once a final judgment declares Director guilty, he shall be disqualified from being a member of the board thus terminated.</p> <p>All other reasons for disqualifications shall be reviewed before permanent disqualification or termination.</p>	<p><b>Permanent Disqualifications</b> Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission, or under any rule or regulation issued by the Commission, or has otherwise been restrained to engage in any activity involving securities; or such person is currently the subject of an</p>

		<p>effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;</p> <p>Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;</p> <p>Any person earlier elected as independent director who becomes an officer, employee or consultant of the Corporation;</p> <p>Any person judicially declared as insolvent;</p> <p>Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of facts, violations or misconduct similar to any of the acts, violations or misconduct enumerated above;</p> <p>Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.</p>
(ii) Non-Executive Directors		(Same criteria for permanent disqualifications, as stated above for Executive Directors)
(iii) Independent Directors		(Same criteria for permanent disqualifications, as stated above for Executive Directors).

		<p>The disqualifications of an independent director shall be as provided for under SEC Revised Code of Corporate Governance, the Securities Regulation Code and its Amended Implementing Rules and Regulations, and such other relevant issuances of the SEC.</p> <p>He shall likewise be disqualified during his tenure under the following instances or causes:</p> <ol style="list-style-type: none"> <li>1. He becomes an officer or employee of the corporation where he is such member of the board of directors/trustees, or becomes any of the persons enumerated under Section II (5) of the Code of Corporate Governance</li> <li>2. His beneficial security ownership exceeds two (2) percent of the outstanding capital stock of the company where he is such director;</li> <li>3. Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency;</li> <li>4. Such other disqualifications which the covered company's Manual of Corporate Governance provides.</li> <li>5. A securities broker-dealer is likewise disqualified from sitting as an independent director of listed companies and registered issuers of securities.</li> </ol>
<b>d. Temporary Disqualification</b>		
(i) Executive Directors	<p>Nomination committee reviews and evaluates the qualifications of all persons nominated to the Board, thus, for Executive Directors who have violated or erred in his conduct while being a Director of the Company. The same nomination committee will review grounds for temporary disqualification and recommend to the board for final decision.</p>	<p>Any of the following shall be a ground for the temporary disqualifications of a director:</p> <ol style="list-style-type: none"> <li>1. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its implementing Rules and Regulations, and the disqualification shall be in effect as long as the refusal persists.</li> <li>2. Absence in more than fifty (50) percent of all regular and special meetings of the board during his incumbency or any twelve months during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident.</li> <li>3. Dismissal or termination for cause as director of any corporation covered by this Code.</li> <li>4. Beneficial equity ownership of an independent director in the</li> </ol>

		<p>corporation or its subsidiary exceeds two (2) percent of its subscribed capital stock.</p> <p>5. If any of the judgment or orders cited in the grounds for permanent disqualifications has not yet become final.</p> <p>6. A temporarily disqualified director shall, within 60 business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>
(ii) Non-Executive Directors	(Same process stated above for Executive Directors is adopted.)	(Same criteria for temporary disqualifications, as stated above for Executive Directors is adopted.)
(iii) Independent Directors	(Same process stated above for Executive Directors is adopted.)	(Same criteria for temporary disqualifications, as stated above for Executive Directors is adopted.)
<b>e. Removal</b>		
(i) Executive Directors	<p>Vacancy in the Board. Any vacancy in the Board of Directors, other than those caused by removal by the stockholders or expiration of term, shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, said vacancies must be filled by the stockholders in a regular or special meeting called for that purpose. A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office.</p>	He possesses any of the criteria enumerated for permanent disqualifications, as stated above
(ii) Non-Executive Directors	(same process as stated above is adopted)	He possesses any of the criteria enumerated for permanent disqualifications, as stated above
(iii) Independent Directors	<p>Nomination Committee shall review and evaluate the qualifications of all persons nominated to the Board of Directors.</p> <p>The termination and cessation of an Independent director shall be governed by the provisions of SEC Memorandum Circular 2, otherwise known as the Code of Corporate Governance, the Securities Regulation Code and its Amended Implementing Rules and Regulations, and such other relevant issuances of the Securities and Exchange Commission.</p>	He possesses any of the criteria enumerated for permanent disqualifications, as stated above

<b>f. Re-instatement</b>		
(i) Executive Directors	(Same process as stated above in the selection/appointment and re-election of both regular and independent directors is adopted.)	(Same criteria is used as stated above in the selection/appointment and re-election of both regular and independent directors is adopted.)
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>g. Suspension</b>		
(i) Executive Directors	(Same process as stated above in the removal of both regular and independent directors is adopted.)	(Same criteria is used as stated above in the removal of both regular and independent directors is adopted.)
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
<b>Esteban G. Peña Sy</b>	<b>The number of nominees for directors was 11 and this equalled the number of board seats available so that upon the resolutions of the stockholders during the annual general meeting, each of the said 11 nominees for directors received equal number of votes of 44,164,290.</b>
<b>Alexander G. Asuncion</b>	
<b>Wong Peng Chong</b>	
<b>Kong Muk Yin</b>	
<b>Gil Miguel Puyat</b>	
<b>Roberto V. San Jose</b>	
<b>Frisco F. San Juan</b>	
<b>Georgina A. Monsod</b>	
<b>Steven G. Virata</b>	
<b>Rodrigo B. Supeña</b>	
<b>Antonio V. Syyap</b>	

6) Orientation and Education Program

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

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

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

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

<sup>3</sup> Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.



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

## B. CODE OF BUSINESS CONDUCT & ETHICS

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	<p>IRC expects its employees to refrain from any activity which will in anyway interfere with or run in conflict with their work or jeopardize the Company's interest. Everyone is expected to conduct himself properly so that his good faith and integrity shall not be open to question. The following are areas where conflict of interest may occur:</p> <p><b><u>Confidentiality</u></b> No employee shall, without authority, give or release to anyone any data or information of confidential nature concerning the Company, such as those relating to decisions, plans or competitive bids, or to use such information to his/her personal advantage and not to the best interest of the Company.</p> <p><b><u>Other employment / Outside interests</u></b> Employment with the Company is regarded as a full-time occupation during working hours. No employee may engage in other gainful employment with another employer or engage in any other interest which will adversely affect the employee's performance during working hours. It is considered to be in conflict with the Company's interest for an employee to serve: -as an officer or director of any other company without the consent of the Board of Directors or Executive Committee of IRC; or -in any management capacity for, or as a consultant to any individual, firm or other company doing or seeking to do business with the Company.</p> <p><b><u>Own/family's interest in another company</u></b> It is considered in conflict with Company's interest, for an employee or any member of his/her immediate family to have an interest in another company which has, or is seeking to have business dealings with the Company, esp. when there is an opportunity for preferential treatment to be given or received. Exception: where such an interest comprises securities in widely held quoted corporation or in private companies where the interest is not material. Where such a conflict exists, the employee is strictly prohibited from getting involved or participating in the transaction.</p> <p><b><u>Gifts/perquisites</u></b> An employee should not accept commissions, loans or advances (other than from financial institutions), materials, services repairs at no cost of at unreasonably low prices, excessive or extravagant entertainment, gifts in cash or in kind and gift certificates from any firm(s) or individual(s) doing or seeking to do business with the Company, in exchange for any favor, promise or reward. During occasions, employees may receive gifts and favors, but in no case should the value thereof exceed nominal proportions.</p> <p><b><u>Standing for elections</u></b> In order that the Company can avoid involvement or identification with any political party, an employee who wishes to run for elections must resign from the Company upon the employee's submission of his application for the position desired.</p>		
(b) Conduct of Business and Fair Dealings	<p>In competition and fair dealings, the company's Directors, Senior Management and Employees, shall:</p> <ul style="list-style-type: none"> <li>not take unfair advantage of anyone through manipulation, collusion, concealment, abuse of privileged information, or misrepresentation of material fact;</li> <li>not make false statements against competitors, their products and/or services; and</li> <li>exercise reasonable and prudent professional judgment when dealing with clients. Deal fairly with the Company's customers, service providers, suppliers, competitors and employees.</li> </ul>		
(c) Receipt of gifts from third parties	<p>An employee should not accept commissions, loans or advances (other than from financial institutions), materials, services repairs at no cost of at unreasonably low prices, excessive or extravagant entertainment, gifts in cash or in kind and gift certificates from any firm(s)</p>		

	or individual(s) doing or seeking to do business with the Company, in exchange for any favor, promise or reward. During occasions, employees may receive gifts and favors, but in no case should the value thereof exceed nominal proportions.
(d) Compliance with Laws & Regulations	Directors, officers and employees shall uphold right conduct and shall personally adhere to the norms and restrictions imposed by applicable laws, rules and regulations. They shall not accept demands brought on by prevailing business conditions or perceived pressures as excuses to violate any law, rule or regulation.
(e) Respect for Trade Secrets/Use of Non-public Information	Directors, Officers and employees shall maintain and safeguard the confidentiality of information entrusted by the Company, customers, business partners or such other parties with whom the Company relates, except when disclosure is authorized or legally mandated. They should not trade the company's securities using price available publicly, and obtained by reason of position, contact within, or other relationship with the Company.
(f) Use of Company Funds, Assets and Information	Directors, Officers and Employees shall use company property and resources including company time, supplies and software, efficiently, responsibly and only for legitimate business purposes only. They shall safeguard company assets from loss, damage, misuse or theft and shall respect intellectual property rights.
(g) Employment & Labor Laws & Policies	Employment in the Company signifies willingness and commitment to perform according to standards set by management and to abide by all the policies and procedures as well as rules and regulations of the Company. The Company has an Employees' Manual of Policies and Procedures which provides for employee rights, obligations and sets policies on employee-related matters to ensure uniformity and consistency in the interpretation and implementation of Human Resources Policies and Programs, which are consistent with and in accordance with relevant provisions of the Labor Code.
(h) Disciplinary action	In accordance with the Company's Code of Discipline and depending on the nature of the misconduct, the Company may mete out the following disciplinary actions to erring employees, officers and directors: (a) Verbal warning, (b) Written warning, (c) Suspension, and (d) Termination
(i) Whistle Blower	No written policy on this.
(j) Conflict Resolution	Done in accordance with the Company's Code of Discipline: If an employee is aggrieved by disciplinary action taken by his superior, he/she may appeal within three (3) days of its occurrence in the following manner: (a) An employee alleging that he/she has a grievance must immediately lodge it in writing to his superior within three (3) days. (b) If the matter is not resolved within three (3) working days after such grievance is lodged, the matter will be referred to the Personnel Manager for mediation within a further period of three (3) days. (c) If the matter is still not resolved, the Executive Committee will form a Disciplinary Board comprising a member of the EXCO, the Personnel Manager and one (1) other manager. Investigation will be made and witnesses may be called to give evidence. The decision of the Disciplinary Board is final. Although no occurrence of conflict resolution had been experienced for Directors, a similar process will be followed.

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

**Yes.**

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

**The Personnel Manager implements and monitors compliance with the Company's Code of Ethics. HR policy manual is provided to all employees. General meetings are held to reiterate policies. So far, no Director had been sanctioned for violation of the Company's Policies on Code of Ethics and Discipline.**

4) Related Party Transactions

(a) Policies and Procedures

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

Related Party Transactions	Policies and Procedures
(1) Parent Company	Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with MHC, or between, and/or among its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form. Transactions entered into by the Company with related parties are at arm's length and have terms similar to the transactions entered into with third parties.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	Beneficial ownership transactions disclosed with SEC and PSE. Other transactions are at arm's length.
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

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

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

	Details of Conflict of Interest (Actual or Probable)
<b>Esteban G. Peña Sy, Director/Chairman of the Board</b>	<b>President of Mabuhay Holdings Corp., a significant shareholder</b>
<b>Alexander G. Asuncion, Director/ President</b>	<b>A significant shareholder owning more than 5% shares.</b>
<b>Roberto V. San Jose, Director</b>	<b>Partner of Castillo Laman Tan Pantaleon &amp; San Jose law offices, legal counsel of IRC Properties Inc.</b>
<b>Delfin P. Angcao, Corporate Secretary</b>	<b>Partner of Castillo Laman Tan Pantaleon &amp; San Jose law offices, legal counsel of IRC Properties Inc.</b>
<b>Georgina A. Monsod</b>	<b>Executive Vice-President of PrimeEast Properties Inc. and Dell Equipment &amp; Construction Corporation</b>

(ii) Mechanism

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

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

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,<sup>4</sup> commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company: **NONE**

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company: **NONE**

Names of Related Significant Shareholders	Type of Relationship	Brief Description

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company: **NONE**

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction

6) Alternative Dispute Resolution

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

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

**C. BOARD MEETINGS & ATTENDANCE**

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

**Board meetings are scheduled quarterly but special board meetings are held as the need arises.**

- 2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Esteban G. Peña Sy	7/29/14	13	13	100%
Member	Alexander G. Asuncion	7/29/14	13	13	100%
Member	Gil Miguel T. Puyat	7/29/14	13	13	100%
Member	Roberto V. San Jose	7/29/14	13	13	100%
Member	Frisco San Juan	7/29/14	13	10	77%

<sup>4</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.

Member	Steven G. Virata	7/29/14	13	11	85%
Member	Wong Peng Chong	7/29/14	13	12	92%
Member	Kong Muk Yin	7/29/14	13	11	85%
Member	Georgina A. Monsod**	7/29/14	13	13	100%
Independent	Antonio V. Syyap	7/29/14	13	12	92%
Independent	Rodrigo B. Supeña	7/29/14	13	13	100%

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? **NONE.**

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

**The quorum requirement meets what is set by the Corporation Code, which is, majority of the board members.**

5) Access to Information

(a) How many days in advance are board papers<sup>5</sup> for board of directors meetings provided to the board?  
**Distributed at least three days before the board meeting.**

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

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

**Yes, the Corporate Secretary prepares the board agenda for review and approval of the Chairman and the President. His other responsibilities are:**

- **Responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Corporation;**
- **Be loyal to the mission, vision and objectives of the Corporation;**
- **Work fairly and objectively with the Board, Management and stockholders;**
- **Have appropriate administrative and interpersonal skills;**
- **Be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;**
- **Have a working knowledge of the operations of the Corporation;**

**Inform the members of the Board, in accordance with the by-laws of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at.**

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

**Yes, the Company's Corporate Secretary is both a lawyer and a Certified Public Accountant.**

(e) Committee Procedures

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

Yes

No

Committee	Details of the procedures
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<sup>5</sup> Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

Executive	Notice and Agenda are given at least three days before the meeting; The Committees have free access to the management and staff for any queries prior to the meeting.
Audit	
Nomination	
Remuneration	
Others (specify)	

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

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

7) Change/s in existing policies

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

Existing Policies	Changes	Reason
No Changes		

**D. REMUNERATION MATTERS**

1) Remuneration Process

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

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Company Salary Structure, market rates used as a guide; salary adjustments based on performance and changes in responsibilities and authorities. Salaries of Chairman & CEO and President are endorsed by Remuneration & Compensation Committee for Board approval. The salaries of the SVP, VP & AVP follow existing company salary structure.	
(2) Variable remuneration	None	
(3) Per diem allowance	Requires Board approval. Compensation and Remuneration Committee determines the remuneration and endorses to the Board for approval. Existing per diem is P3,000/meeting.	The President and SVP both receive P3,000.00/board meeting
(4) Bonus	None	
(5) Stock Options and other financial instruments	None	
(6) Others (specify)	The Chairman & CEO, President & 3 highest paid management officers are provided health insurance. Retirement Pay: All employees are entitled to retirement benefits as provided for the in the New Retirement Law under the Labor Code after having served the Company for more than five (5) years and upon reaching the age of sixty (60) for voluntary retirement or sixty five (65) for compulsory retirement.	

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

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

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Follows Company's salary structure and benefit package and Board-approved rate / package.	Compensation / salary package is composed of: <ul style="list-style-type: none"> <li>• Basic monthly pay</li> <li>• Company provided vehicle Representation and travel allowances</li> <li>• Annual vacation and sick leave</li> <li>• Health Insurance</li> </ul>	Basic monthly salary divided by 26.17 is used to arrive at the daily rate used in computing other benefits (e.g. sick leave, vacation leave, etc.)
Non-Executive Directors	All Directors attending the meeting receive a per diem allowance of P3,000/meeting. No other remuneration/compensation is given to NED.		

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

Remuneration Scheme	Date of Stockholders' Approval
Not Applicable	Not Applicable

3) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	P5,330,000.00		
(b) Variable Remuneration			
(c) Per diem Allowance	P3,000.00/meeting		
(d) Bonuses			
(e) Stock Options and/or other financial instruments			
(f) Others (Specify)			
<b>Total</b>	P5,330,000.00	P3,000.00/meeting	P3,000.00/meeting

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances			
2) Credit granted			

3) Pension Plan/s Contributions			
(d) Pension Plans, Obligations incurred			
(e) Life Insurance Premium			
(f) Hospitalization Plan	P107,573.46		
(g) Car Plan			
(h) Others (Specify)			
<b>Total</b>	P107,573.46		

4) Stock Rights, Options and Warrants

(a) Board of Directors

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

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

(b) Amendments of Incentive Programs

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

Incentive Program	Amendments	Date of Stockholders' Approval
No amendments introduced		

5) Remuneration of Management

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

Name of Officer/Position	Total Remuneration
Araceli C. Molina	P901,960.17
Alwin P. Remante	

**E. BOARD COMMITTEES**

1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director	Independent Director (ID)				



		(NED)					
Executive							
Audit		3	2	Audit Committee Charter	To assist the Board of Directors in fulfilling its oversight responsibilities particularly in relation to financial reporting integrity, internal control, risk management, and corporate standards of behavior.	The Audit Committee has the following responsibilities: 1. Provide oversight over senior Management's activities in managing credit, market, liquidity, operational, legal and other risks of MHC. 2. Perform oversight functions over the Corporation's internal and external auditors 3. Review the annual internal audit plan to ensure its conformity with the objectives of the Corporation. 4. Review the appointment of an independent external auditor, the audit fees and any question of resignation or dismissal. 5. Consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal, which shall follow the procedure laid down for external auditors. 6. Monitor and evaluate the adequacy and effectiveness of MHC's internal control system, including financial reporting control and information technology security. 7. Receive and review the reports of external auditors, regulatory agencies, where applicable, and ensure that MHC Management is taking appropriate corrective actions, in a timely manner, in addressing control and compliance functions with regulatory agencies; 8. Review the quarterly (SEC Form 17-Q) and annual financial statements (as part of SEC Form 17-A) before submission to the Board. 9. Coordinate, monitor and facilitate compliance with existing laws, rules and	The Audit Committee is empowered to conduct or authorize investigations into any matter within its scope of responsibility, and seek any information it requires, including from IRC's employees.

						regulations; 10. Evaluate and determine non-audit work by the external auditor and keep under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to MHC's total expenditure on consultancy.	
Nomination	3	2	2	No formal Committee Charter	Pre- screen and shortlist all candidates nominated to become a member of the Board of Directors	Review and consider the guidelines on determining the number of directorship	Review the roles and duties of the CEO by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.
Remuneration		3	2		Designate amount of remuneration in a sufficient level to attract and retain directors and officers	Establish a formal and Transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers	Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.
Others (specify)							

## 2) Committee Members

### (a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings	No. of Meetings	%	Length of Service in
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			Held	Attended		the Committee
Chairman	Esteban G. Peña Sy	2009	6	6	100%	5 Years
Member (ED)	Alexander G. Asuncion	2009	6	6	100%	5 Years
Member (ED)	Georgina A. Monsod	2009	6	6	100%	5 Years
Member	Delfin P. Angcao	2009	6	6	100%	5 Years

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Antonio V. Syyap	7/29/14	6	6	100%	4 years
Member (ED)						
Member (NED)	Steven G. Virata	7/29/14	6	6	100%	4 years
	Gil Miguel T. Puyat	7/29/14	6	6	100%	4 years
	Kong Muk Yin	7/29/14	6	6	100%	1 year
Member (ID)	Rodrigo B. Supeña	7/29/14	6	6	100%	4 years

Disclose the profile or qualifications of the Audit Committee members.

**Antonio V. Syyap - Independent Director**

Mr. Syyap is a senior marketing executive with 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 also serves as a Director of Landco Pacific Corporation. He graduated at De La Salle University in Bachelor of Science Major in Accounting. At present he is the consulting director and marketing of Forest Lake a memorial park development and marketing. He is also connected at Today Realty as President and Chairman.

**Steven G. Virata, Director**

Mr. Virata is degree holder of B.S. Architecture from the University of the Philippines, he has more than 10 years experience in the aviation industry, marketing, architecture, graphic design and production, theater industry and farm management. He is currently a Director of C. Virata and Associates, Mabuhay Holdings Corp., ATAR-IV, Inc., Chico Holdings, Inc. and V.L. Araneta Properties Inc.

**Gil Miguel T. Puyat, Director**

Mr. Puyat earned his Marketing Strategy Course, Asian Institute of Management, M.A Economics (candidate), University of San Francisco, BS Agriculture Economics, University of Wisconsin. He finished grade school and high school at La Salle Greenhills.

His present business affiliations are as follows: 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, Board of Advisers, Development Center for the Handicapped Foundation, Inc.

**Rodrigo B. Supeña, Independent Director** - Mr. Rodrigo B. Supeña has been elected as Independent Director of the Company since March 31, 2009, and has served as such for more than two years now. Mr. Supeña, a seasoned banker who previously held various key positions in Land Bank of the Philippines and Bank of the Philippine Islands, is currently a Consultant of Land Bank of the Philippines and a Board Member of LBP Leasing Corporation. A Certified Public Accountant, he earned his Master in Business Administration from Ateneo Graduate School of Business.

**Kong Muk Yin, Director** - Kong Muk Yin, age 44, is a graduate of the City University of Hongkong with a bachelor's degree in Business Studies. He is a fellow member of the Association of Chartered Certified Accountants, and a Chartered Financial Analyst. He has extensive experience in corporate finance, financial management, accounting and auditing. He is currently an Executive Director of COL Capital Limited, China Vision Media Group Ltd. and APAC Resources Ltd. He is also a Director of Mabuhay Holdings Corporation.

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

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

- Performs oversight functions over the Corporation's external auditors. It ensures that the external auditors are given unrestricted access to all records, properties and personnel to enable them to perform their audit functions;
- Reviews the appointment of an independent external auditor, the audit fees and any question of resignation or dismissal. Before the audit commences, the Audit Committee discusses with the external auditor the nature and scope of the audit.
- Evaluates and determines non-audit work by the external auditor and keeps under review the non-audit fees paid to the external auditor both in relation to their significance to the auditor and in relation to MHC's total expenditure on consultancy. The non-audit work should be disclosed in the annual report.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Wong Peng Chong	7/29/14	6	6	100%	1 years
Member (ED)	Esteban G. Peña Sy	7/29/14	6	6	100%	4 years
	Alexander G. Asuncion	7/29/14	6	6	100%	4 years
Member (NED)	Roberto V. San Jose	7/29/14	6	6	100%	4 years
Member (ID)	Rodrigo B. Supeña	7/29/14	6	6	100%	3 years
	Antonio Syyap	7/29/14	6	6	100%	1 year
Member	Georgina A. Monsod	7/29/14	6	6	100%	3 years

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Rodrigo B. Supeña	7/29/14	2	2	100%	3 years
Member (ID)	Antonio Syyap	7/29/14	2	2	100%	1 year
Member (NED)	Wong Peng Chong	7/29/14	2	2	100%	3 years
	Steven Virata	7/29/14	2	2	100%	1 year
	Gil Miguel T. Puyat	7/29/14	2	2	100%	3 years

(e) Others (Specify) – Not Applicable

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

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Not Applicable					
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) Changes in Committee Members

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

Name of Committee	Name	Reason
Executive	No Changes	
Audit		
Nomination		
Remuneration		
Others (specify)		

4) Work Done and Issues Addressed

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

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

5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Not Applicable	
Audit	Review of control policies and procedures.	Nothing significant.
Nomination	Pre screen qualifications of nominees for independent directors.	Nothing significant.
Remuneration	Review and evaluate existing remuneration policies and procedures	Nothing significant.
Others (specify)	Not Applicable	

**F. RISK MANAGEMENT SYSTEM**

1) Disclose the following:

- (a) Overall risk management philosophy of the company;

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

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

**The Board of Directors through the Audit Committee is tasked to review the effectiveness of the risk**

management system the Company employs. In the Audited Financial Statements which the Board and the shareholders approve each year, it says, among others, that *“The Management, under the direction of the Board of Directors of the Group is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Group’s financial performance due to the unpredictability of financial markets.”*

(c) Period covered by the review;

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

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

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

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

**Not applicable.**

## 2) Risk Policy

(a) Company

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

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

(b) Group

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

Risk Exposure	Risk Management Policy	Objective
Same as in 2 (a) above		

(c) Minority Shareholders

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

Risk to Minority Shareholders
Due to statutory limitations on the obligations of majority shareholders with respect to minority shareholders, minority shareholders are subject to the risk of the exercise by the majority shareholders

of their voting power. However, the Corporation Code provides for minority shareholders' protection in certain instances wherein a vote by the shareholders representing at least two-thirds of the Corporation's outstanding capital stock is required. The Corporation Code also grants shareholders an appraisal right allowing a dissenting shareholder to require a corporation to purchase his share in certain instances.

3) Control System Set Up

(a) Company

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Foreign Currency Risk	The Company regularly monitors and measures the risk exposure of the Company.	Continuous improvement of information system and internal controls within the Company.
Liquidity Risk		
Interest Rate Risk		
Credit Risk		
Equity Price Risk		

(b) Group

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Same as in 3 (a) above		

(c) Committee

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

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

**G. INTERNAL AUDIT AND CONTROL**

1) Internal Control System

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

- (a) Explain how the internal control system is defined for the company;  
**Internal controls encompass a set of rules, policies and procedures an organization implements to provide reasonable assurance that (a) its financial reports are reliable; (b) its operations are effective and efficient, and (c) its activities comply with applicable laws and regulations.**
- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;  
**The Board, through its Audit Committee, meets to discuss and oversee whether the Company is able to comply with the required financial reporting and audit processes, including compliance with applicable laws, rules and regulations.**
- (c) Period covered by the review;  
**2012 (with updates/changes for year 2014)**

- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

**Annually**

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

**Not applicable**

2) Internal Audit (**This section 2 (a) to (e) is not applicable since the Company has no internal auditor yet.**)

- (a) Role, Scope and Internal Audit Function

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

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

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

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

- (d) Resignation, Re-assignment and Reasons

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

Name of Audit Staff	Reason

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

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

<b>Progress Against Plans</b>	
<b>Issues<sup>6</sup></b>	
<b>Findings<sup>7</sup></b>	
<b>Examination Trends</b>	

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

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;

<sup>6</sup> "Issues" are compliance matters that arise from adopting different interpretations.

<sup>7</sup> "Findings" are those with concrete basis under the company's policies and rules.



- 5) Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
Segregation of duties	Yes
Safeguard of assets	Yes
Compliance to Company Policies and Procedures	Yes

(g) Mechanisms and Safeguards

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

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

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

**Compliance Officer countersigned by the Company’s President**

**H. ROLE OF STAKEHOLDERS**

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

	Policy	Activities
Customers' welfare	The Company upholds the policy of respect and fair dealings with its customers through efficient services and transparency.	
Supplier/contractor selection practice	The Company selects the lowest bidder from at least three suppliers.	
Environmentally friendly value-chain	Compliance with environmental laws have not, and are not anticipated to adversely affect the businesses and financial conditions of the Company. Costs of compliance with environmental laws are either charged as ordinary operating expenses or credited as part of project	

	investment by the Company and its subsidiary.	
Community interaction	The Company is fully cognizant of its socio-civic responsibility of contributing towards the improvement of other peoples' lives.	Donations are made to educational and civic organizations, as well as health, relief and rescue undertakings whenever needed.
Anti-corruption programmes and procedures?	The Company requires that all its directors, officers, and employees will not make, offer, or authorize any payment, gift, promise, or other advantage, whether directly or through any other person or entity, to or for the use or benefit of any public official or any political party or political party official or candidate for office, where such payment, gift, promise or advantage would violate applicable laws of the Philippines.	The Company's Human Resources Department constantly seeks ways to ensure that all of its employees do not seek nor accept solicitations from public offices and their officers in exchange for favors and undue advantages from the Company.
Safeguarding creditors' rights	All dealings with creditors are presented to and approved by the Board of Directors.	Loan agreements are signed and promissory notes are issued to creditors in compliance with the requirements.

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

**NONE.**

3) Performance-enhancing mechanisms for employee participation.

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

**Company's policy for its employee's safety, health & welfare is stated in the company's policy manual under item 9.13 – Employee Safety & Health and item 10.4 Medical Benefits, to wit:**

**9.13 Employee Safety & Health**

**The Company strives to provide safe working conditions for all employees. The physical premises where company operates shall be secured by appropriate and reasonable means.**

**9.13.1 The Company strictly prohibits possession of weapons of any type by employees during work hours or any Company-sponsored event or on Company properties and premises. Weapons are further defined to include firearms, knives, explosives or any other deadly weapon or object**

**9.13.2 All job related injuries should be reported immediately to the supervisor. Fire is an ever-present hazard, especially where electrical equipment is concerned. Every employee should know where the extinguishers are located and how to operate them effectively. All employees are required to unplug their respective office electrical equipments before going home at night and/or weekends or long holidays.**

**9.13.3 Threats, threatening behavior, acts of violence or any related conduct which disrupts the work environment will not be tolerated. Any employee who makes threats, exhibits threatening behavior or engages in violent acts on Company premises will be subject to disciplinary action up to and including termination.**

**10.4 Medical Benefit**

**The company provides free healthcare benefits to all permanent employees. It includes both in-patient (hospital confinement), out-patient (consultations) and dental services.**

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

Particulars	Provider/Period Covered
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HMO/Healthcare Benefits	Maxicare Healthcare / Feb. 1, 2014 – Jan. 31, 2015
Labor Standards Compliant	DOLE-NCR / 2012

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

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

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

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

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

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

## I. DISCLOSURE AND TRANSPARENCY

### 1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee	294,909,539	35.92%	Various
T&M Holdings Inc.	214,906,000	26.18%	
Alexander G. Asuncion	90,014,000	10.96%	
PrimeEast Properties	68,815,000	8.5%	
T&M Holdings Inc.	47,689,200	5.81%	

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Esteban G. Peña Sy	250	971,000	0.12%
Alexander G. Asuncion	90,014,000		10.96%
Gil Miguel T. Puyat	11,000		0.00134%
Roberto V. San Jose	1,000		0.00012%
Frisco F. San Juan	1,000		0.00012%
Eduardo Ma. Santos	1,150		0.00014%
Ana Maria Katigbak-Lim	150		0.00002%
Wong Peng Chong	10,000		0.00122%
Kong Muk Yin	10,000		0.00122%
Rodrigo B. Supeña	150		0.00002%
Antonio Syyap	1,000		0.00012%
Steven G. Virata	150		0.00002%
Delfin P. Angcao	150		0.00002%
Araceli C. Molina	350		0.00004%

2) Does the Annual Report disclose the following:

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

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

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
Isla Lipana & Co. Inc.	P 446,250.56	None

4) Medium of Communication

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

**Written memos, email & oral communications.**

5) Date of release of audited financial report:

**April 15, 2013**

6) Company Website

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

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

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

7) Disclosure of RPT

RPT	Relationship	Nature	Value
Disclosed in the Audited Financial Statements			

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

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

## J. RIGHTS OF STOCKHOLDERS

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

#### (a) Quorum

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

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

Explain the system used to approve corporate acts.

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

#### (c) Stockholders' Rights

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

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

#### Dividends

Declaration Date	Record Date	Payment Date
Not Applicable		

#### (d) Stockholders' Participation

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

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

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
  - a. Amendments to the company's constitution – **Subject to stockholders' approval**
  - b. Authorization of additional shares – **Subject to stockholders' approval**
  - c. Transfer of all or substantially all assets, which in effect results in the sale of the company – **Subject to stockholders' approval**
3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? **YES**
  - a. Date of sending out notices: **July 3, 2014**
  - b. Date of the Annual/Special Stockholders' Meeting: **July 29, 2014**
4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

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

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

Resolution	Approving	Dissenting	Abstaining
Approval of the Minutes of Previous Stockholders' Meeting	59.16%	None	None
Report of Management and approval of the 2011 Audited Financial Statements	59.16%	None	None
Ratification of the Corporate acts of the Board of Directors and Management	59.16%	None	None
Election of Directors	59.16%	None	None
Appointment of External Auditor	59.16%	None	None

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

(e) Modifications

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

Modifications	Reason for Modification
No modifications made	No modifications made

(f) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual		7/29/14	As Provided for in the Definitive Information Statement			
Special		12/11/14	As provided for in the DIS			

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

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

(g) Proxy Voting Policies

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

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

(h) Sending of Notices

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

<b>Policies</b>	<b>Procedure</b>
In accordance with the SRC Rule 20	

(i) Definitive Information Statements and Management Report

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	July 3, 2014
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	July 3, 2014

<b>State whether CD format or hard copies were distributed</b>	Hard copies were distributed.
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Hard copies were provided.

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

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

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

## 2) Treatment of Minority Stockholders

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

<b>Policies</b>	<b>Implementation</b>
Right to vote on all matters that require their consent or approval	One share equals one vote. The stockholders are encouraged to personally attend the Annual Stockholders' Meeting. If they cannot attend, they are appraised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right is not unduly restricted and any doubt about the validity of a proxy is resolved in the stockholders' favor.
Right to inspect corporate books and records	Affirmative.
Right to information	The Company's website is open to the public most specially to the stockholders. Material information is disclosed to SEC and PSE.
Right to dividends	The Board of Directors shall, whenever in its opinion the condition of the Corporation's affairs will render it expedient, declare dividends to the Stockholders of the Corporation out of prior year's net profits in such amounts and on such dates as the Board of Directors shall determine. In the declaration of the dividends the Board shall consider the possibility of adopting a policy of declaring dividends in such amount as will equal 50% of the prior year's net profits.
Appraisal right	A stockholder has the right to dissent and demand payment of the fair value of his shares: (i) in case any amendment to the Company's Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences over the outstanding shares, or of extending or shortening the term of corporate existence; (ii) in case of any sale, lease, mortgage or disposition of all or substantially all of the corporate property or assets; (iii) in case of merger or



	<p>consolidation; and (iv) in case of investment of corporate funds in another corporation or business or for any purpose other than the primary purpose.</p> <p>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.</p> <p>There are no matters or corporate actions that had given rise to a possible exercise by security shareholders of their appraisal rights under the provisions of the Corporation Code of the Philippines.</p>
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(b) Do minority stockholders have a right to nominate candidates for board of directors?

**K. INVESTORS RELATIONS PROGRAM**

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

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

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

	Details
(1) Objectives	1. Timely disclosure of material information to stakeholders. 2. Disclosure of annual and quarterly financial performance.
(2) Principles	Timely and accurate disclosure of material and relevant information to shareholders.
(3) Modes of Communications	Company website and telephone lines
(4) Investors Relations Officer	No designated officer as such. However, the following officers can be contacted: Georgina A. Monsod, SVP/Treasurer/ Compliance Officer Araceli C. Molina, Chief Financial Officer Delfin P. Angcao, Corporate Secretary

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

**Legal and regulatory requirements of SEC and PSE will be followed in case of such events.**

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

**No such events took place. The Company is open to hire external assistance for due diligence.**

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

Initiative	Beneficiary
Social upliftment for the municipality of Binangonan through provisions of water supply, training & education.	Binangonan Municipality

**M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL**

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

	Process	Criteria
<b>Board of Directors</b>	None in place. Moving forward, a formal policy will be adopted following best practices.	
<b>Board Committees</b>		
<b>Individual Directors</b>		
<b>CEO/President</b>		


**N. INTERNAL BREACHES AND SANCTIONS**


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

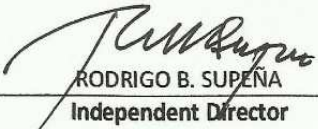
Violations	Sanctions
First Violation	Depending on the offense, written reprimand, suspension for a no. of days, or dismissal.
Second Violation	
Third Violation	Depending on the offense, suspension for a no. of days or dismissal.
Fourth Violation	
Fifth Violation	Dismissal

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of \_\_\_\_\_ on \_\_\_\_\_, 20\_\_.

**SIGNATURES**

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

  
 ALEXANDER G. ASUNCION  
 President

  
 RODRIGO B. SUPENA  
 Independent Director

  
 ANTONIO V. SYYAP  
 Independent Director

  
 GEORGINA A. MONSOD  
 Compliance Officer

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of MAR 18 2014, 2014, affiant(s) exhibiting to me their \_\_\_\_\_, as follows:

<u>AFFIANT</u>	<u>PASSPORT NO.</u>	<u>DATE OF ISSUE</u>	<u>PLACE OF ISSUE</u>
Esteban G. Peña Sy	EB9453889	Oct. 25, 2013	DFA - Manila
Antonio V. Syyap	EV2528899	May 23, 2011	DFA - Manila
Rodrigo B. Supena	EB3244727	Aug. 3, 2011	DFA - Manila
Georgina A. Monsod	EC0350917	Feb. 20, 2014	DFA NCR - East

  
**ATTY. GERVACIO B. ORTIZ JR.**  
 NOTARY Public City of Makati  
 Until December 31, 2014  
 IBP No. 656155-Lifetime Member  
 MCLE Compliance No. III-0014282  
 Appointment No. M-199-(2013-2014)  
 PTR No. 4225505 Jan. 2, 2014/Makati  
 Makati City Roll No. 40091  
 101 Urban Ave., Brgy. Pio del Pilar,  
 Makati City

Doc. No. 185  
 Page No. 38  
 Book No. XV  
 Series of 2014