

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 20-IS**

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

1. Check the appropriate box:

Preliminary Information Statement

Definitive Information Statement

2. Name of Registrant as specified in its charter

MJC INVESTMENTS CORPORATION

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

Philippines

4. SEC Identification Number

10020

5. BIR Tax Identification Code

000-596-509

6. Address of principal office

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

Postal Code

1605

7. Registrant's telephone number, including area code

(02) 632-7373

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

June 29, 2015, 2:00 P.M.; Oakwood, Joy I, 5th Floor, 17 ADB Avenue, Ortigas Center, Pasig City

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

Jun 5, 2015

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

N.A.

Address and Telephone No.

N.A.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	3,174,405,821

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

Yes          No

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

PHILIPPINE STOCK EXCHANGE, COMMON

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*

## MJC Investments Corporation

### MJIC

**PSE Disclosure Form 17-5 - Information Statement for Annual or  
Special Stockholders' Meeting**  
*References: SRC Rule 20 and  
Section 17.10 of the Revised Disclosure Rules*

<b>Date of Stockholders' Meeting</b>	Jun 29, 2015
<b>Type (Annual or Special)</b>	ANNUAL
<b>Time</b>	2:00 P.M.
<b>Venue</b>	Oakwood, Joy I, 5th Floor, 17 ADB Avenue, Ortigas Center, Pasig City
<b>Record Date</b>	May 11, 2015

**Inclusive Dates of Closing of Stock Transfer Books**

<b>Start Date</b>	N/A
<b>End date</b>	N/A

**Other Relevant Information**

Attached is the Definitive Information Statement of MJC Investments Corporation (MIC) as received by the Securities and Exchange Commission

**Filed on behalf by:**

<b>Name</b>	Lemuel Santos
<b>Designation</b>	Corporate Information Officer

# COVER SHEET

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S.E.C. Registration Number

M	J	C		I	N	V	E	S	T	M	E	N	T	S		C	O	R	P	O	R	A	T	I	O	N		

( Company's Full Name )

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		O	R	T	I	G	A	S	C	E	N	T	E	R	,	P	A	S	I	G	C	I	T	Y				

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

ATTY. LEMUEL M. SANTOS
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Contact Person

632-7373
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Company's Telephone Number

1	2	3	1
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Month Day  
Fiscal Year

Definitive Information Statement-2015

2	0	-	I	S
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FORM TYPE

0	6	2	7
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Month Day  
Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

	Total Amount of Borrowings	
	Domestic	Foreign

Total No. of Stockholders

To be accomplished by SEC Personnel concerned

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File Number

LCU

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Document I.D.

Cashier

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Remarks = pls. Use black ink for scanning purposes



## **INFORMATION STATEMENT**

Pursuant to Section 20 of the Securities Regulations Code

### **For Annual Stockholders' Meeting**

On June 29, 2015

Oakwood, Joy I, 5<sup>th</sup> Floor, 17 ADB Avenue,  
Ortigas Center, Pasig City

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



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

May 14, 2015

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

Notice is hereby given that the annual stockholders' meeting of MJC Investments Corporation will be held on **June 29, 2015 (Monday)** at the **Oakwood, Joy I, 5<sup>th</sup> Floor, 17 ADB Avenue, Ortigas Center, Pasig City** at **2:00 P.M.** to take up the following:

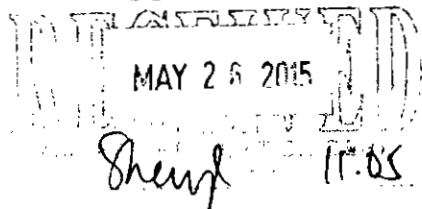
1. Call to Order
2. Certification of Notice
3. Determination and Declaration of Quorum
4. Approval of the minutes of the Annual Stockholders' meeting held on June 27, 2014.
5. Report of the President
6. Approval of the amendments to the Articles of Incorporation of the Corporation particularly *Article First* by including the business name of the Corporation to read as follows: "*MJC Investments Corporation Doing Business Under the Style and Name of Winford Leisure and Entertainment Complex*"
7. Approval of the amendments to the Articles of Incorporation of the Corporation particularly *Article Third* by changing the principal office of the Corporation to Winford Leisure and Entertainment Complex No. 2040 Consuelo Street, Sta. Cruz, Manila
8. Ratification of all acts of the Board and Management
9. Election of Directors
10. Appointment of External Auditor
11. Adjournment

**Stockholders of Record as of May 11, 2014** shall be entitled to attend and vote at said meeting. As per the By-Laws of the Corporation, the cut-off date for the submission of proxies is on June 25, 2015.

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

By Authority of the Board of Directors.

SECURITIES AND EXCHANGE  
COMMISSION

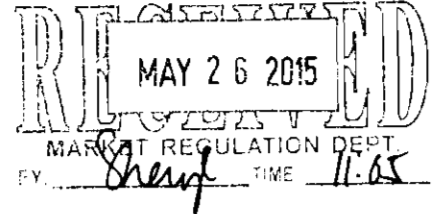


*Ferdinand A. Domingo*  
**FERDINAND A. DOMINGO**  
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC Form 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE



1. Check the appropriate box:

- Preliminary Information Statement
- Definitive Information Statement

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

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

4. SEC Identification Number 10020

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

6. 12/F Strata 100 Building  
F. Ortigas Jr. Road, Ortigas Center  
Pasig City

Address

1605

Postal Code

7. (02) 632-7373

Registrant's telephone number, including area code

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

June 29, 2015, 2:00 P.M.; Oakwood, Joy L, 5<sup>th</sup> Floor, 17 ADB Avenue, Ortigas Center,  
Pasig City

9. Approximate date on which the Information Statement is first to be sent or given to security holder June 5, 2015

In case of Proxy Solicitations:

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

Address and Telephone No. : N.A.

10. Securities registered

Title of Each Class	Number of Shares of Common Stock Outstanding
<u>Common</u>	<u>3,174,405,821</u>

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

Yes x No \_\_\_\_\_

# MJC INVESTMENTS CORPORATION

## INFORMATION STATEMENT

This Information Statement is dated May 13, 2015 and is being furnished to stockholders of MJC Investments Corporation (the "Company"), at least fifteen (15) business days prior to the Annual Stockholders' Meeting on June 29, 2015 or approximately on or before June 5, 2015.

### WE ARE NOT ASKING FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY

#### A. GENERAL INFORMATION

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

Date : June 29, 2015 (*Monday*)  
Time : 2:00 p.m.  
Place : Oakwood, Joy I, 5<sup>th</sup> Floor, 17 ADB Avenue, Ortigas Center, Pasig City  
Record Date : May 11, 2015

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

The approximate date on which the Information Statement will first be sent to security holders is June 5, 2015.

##### 2. Dissenters' Right of Appraisal

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

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

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

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



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

**B. CONTROL AND COMPENSATION INFORMATION**

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

- a. Number of shares outstanding as of Record Date of May 11, 2015.

Common                    3,174,405,821

- b. Number of Foreign Ownership: 104,431 common shares

- c. Percentage of Foreign Ownership Level: 0.00%

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

- d. Record date: May 11, 2015

- e. Cumulative Voting Rights

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

“Sec. 24. Election of directors or trustees. -  
xxx In stock corporations, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, at the time fixed in the by-laws, in his own name on the stock books of the corporation, or where the by-laws are silent, at the time of the election; and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: Provided, That the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected: xxx”

- f. Security Ownership of Certain Beneficial Owners and Management

I. Stockholders Owning at Least 5% of the Outstanding Capital Stock as of May 11, 2015 [Record Date].

<u>Title of Class</u>	<u>Name, Address of Record Owner and Relationship with Issuer</u>	<u>Name of Beneficial Owner and Relationship with Record Owner</u>	<u>Citizenship</u>	<u>Number of Shares Held</u>	<u>Percent Of class</u>
Common	PCD Nominee Corporation G/F Makati Stock Exchange Bldg6767 Ayala Avenue, Makati City	N.A.*	Filipino	1,418,213,901	44.68%
Common	Manila Jockey Club, Inc. 14 <sup>th</sup> Floor Strata 100 Bldg., F. Ortigas Jr. Road, Ortigas Center, Pasig City	N.A.*	Filipino	708,160,137	22.308 %

*\*The authority to direct the voting of the shares held by this company is lodged with its Board of Directors which appoints the proxy. The particular proxy will, however, be known only at the time that the appropriate proxy instrument is submitted.*

## II. Security Ownership of Management as of May 11, 2015 [Record Date]

<u>Title of Class</u>	<u>Name of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Citizenship</u>	<u>Percent of Class</u>
Common	ALFONSO R. REYNO, JR.	14,582,704	Filipino	0.46%
Common	TEIK SENG CHEAH	Qualifying Share	Malaysia	0.00%
Common	JOSE ALVARO D. RUBIO	Qualifying Share	Filipino	0.00%
Common	ALFONSO V.G. REYNO III	Qualifying Share	Filipino	0.00%
Common	JOHN ANTHONY B. ESPIRITU	Qualifying Share	Filipino	0.00%
Common	GABRIEL A. DEE	Qualifying Share	Filipino	0.00%
Common	BERNADETTE V. QUIROZ	Qualifying Share	Filipino	0.00%
Common	DENNIS RYAN C. UY	Qualifying Share	Filipino	0.00%
Common	VICTOR P. LAZATIN	Qualifying Share	Filipino	0.00%
Common	LAURITO E. SERRANO	Qualifying Share	Filipino	0.00%
Common	CHERRYLYN G. PRADO-CAOILI	Qualifying Share	Filipino	0.00%
Common	FERDINAND A. DOMINGO	240,022	Filipino	0.00%
Common	All Officers and Directors	14,8222,726		0.46%

## III. Voting Trust Holders of 5% or More

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

## IV. Changes in Control

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

## V. Directors and Executive Officers (as of May 11, 2015)

### ALFONSO R. REYNO, JR.

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

### TEIK SENG CHEAH

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

### JOSE ALVARO D. RUBIO

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

### ALFONSO VICTORIO G. REYNO III

Filipino, was born on March 7, 1970 and a lawyer by profession. He is affiliated with and occupies the following positions in various institutions in the last five (5) years, viz: President and COO, Manila Jockey Club, Inc., President, Arco Ventures, Inc. (1995 to Present), Director, Arco Management & Development Corporation, Bonaventure Development Corporation, Arco Equities, Inc., Junior Associate, ACCRA Law Offices (1997-

1999), Junior Partner, Reyno Tiu Domingo & Santos Law Offices (1999 to present). He is currently a Director of the Philippine Bar Association.

#### **GABRIEL A. DEE**

Filipino, was born on July 5, 1964. He graduated from the University of the Philippines in 1984 with a degree of Bachelor of Arts major in History and finished his Bachelor of Laws in the same school in 1988. He finished his MBA Units in Ateneo De Manila Graduate School of Business in 1992. He is affiliated with and occupies the following positions in various institutions in the last five (5) years, viz: Senior Partner, Picazo Buyco Tan Fider & Santos Law Offices (2006 to present), Junior Partner, Picazo Buyco Tan Fider & Santos Law Offices (1994 to 2006), Senior Associate, Bautista Picazo Buyco Tan & Fider Law Offices (1992 to 1994), Junior Associate, Bautista Picazo Buyco Tan & Fider Law Offices (1988 to 1992) and Research Assistant, University of the Philippines, College of Law (1998).

#### **VICTOR P. LAZATIN**

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

#### **LAURITO E. SERRANO**

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

#### **BERNADETTE V. QUIROZ**

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

### CHERRYLYN G. PRADO-CAOILE

Filipino, was born on November 10, 1974. She graduated from De La Salle University in 1994 with a degree of Bachelor of Science in Commerce major in Legal Management. She finished her Juris Doctor at the Ateneo de Manila College of Law in 1998. She is a Junior Partner in Picazo Buyco Tan Fider & Santos Law Offices (2009 to present). She was an Assistant Professor at the De La Salle University - College of Business and Economics from 2003 to 2006.

### JOHN ANTHONY B. ESPIRITU

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

### DENNIS RYAN C. UY

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

### FERDINAND A. DOMINGO

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

### LEMUEL M. SANTOS

Filipino, was born on April 3, 1951. He graduated from the University of the Philippines in 1973 with a degree of Bachelor of Arts in Political Science and finished his Bachelor of Laws degree in the same school in 1977. In the last five (5) years or more, he is affiliated with and occupies the following positions in various institutions, viz: Managing Partner, Reyno, Tiu, Domingo & Santos Law Offices (1991 up to present); Assistant

Corporate Secretary, Manila Jockey Club, Inc. (up to present); Corporate Information and Compliance Officer, MJC Investments Corporation (up to present), He resides at 84 D. Tuason Street, B.F. Homes, Parañaque, 1718 Metro Manila.

**RODOLFO B. REYNO, JR.**

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

**INDEPENDENT DIRECTORS**

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

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

- i. Nominations shall be conducted by the Nomination Committee.
- ii. The Nomination Committee shall pre-screen the qualifications and prepare a final list of all candidates.
- iii. After the nominations, the Nomination Committee shall prepare a Final List of Candidates.
- iv. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the stockholders' meeting.
- v. The conduct of election of independent directors shall be made in accordance with the standard election procedure of the Company.
- vi. Specific slots for independent directors shall not be filled up by unqualified nominees.
- vii. In case of failure of election for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

The Chairman of the nomination committee is Gabriel A. Dee, with Bernadette V. Quiroz, Alfonso Victorio G. Reyno III, and Victor P. Lazatin (Independent Director) as members.

**5. Directors and Executive Officers of the Issuer (AS OF RECORD DATE OF MAY 11, 2015)**

<u>Position</u>	<u>Name</u>	<u>Citizenship</u>	<u>Age</u>	<u>Term of Office</u>	<u>Period Served</u>
Chairman, CEO & President	Alfonso R. Reyno, Jr.	Filipino	70	6	2009-2015
Vice Chairman	Teik Seng Cheah	Malaysian	56	1	2014-2015
Director & Treasurer	Jose Alvaro D. Rubio	Filipino	—	1	2014-2015
Director & Vice President	Alfonso Victorio G. Reyno III	Filipino	44	6	2009-2015
Director & Assistant Corporate Secretary	Gabriel A. Dee	Filipino	50	2	2013-2015
Director ( <i>Independent</i> )	Victor P. Lazatin	Filipino	67	6	2009-2015
Director ( <i>Independent</i> )	Laurito E. Serrano	Filipino	—	1	2014-2015
Director	Bernadette V. Quiroz	Filipino	—	1	2014-2015
Director	Cherrylyn G. Prado-Caoile	Filipino	40	2	2013-2015
Director	John Anthony B. Espiritu	Filipino	51	3	2012-2015
Director	Dennis Ryan C. Uy	Filipino	—	1	2014-2015
Corporate Secretary & General Counsel	Ferdinand A. Domingo	Filipino	62	1	2014-2015
Corporate Information & Compliance Officer	Lemuel M. Santos	Filipino	64	1	2014-2015
Chief Finance Officer	Rodolfo B. Reyno, Jr.	Filipino	66	6	2009-2015

(a) Significant Employees

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

(b) Family Relationships.

Alfonso Victorio G. Reyno III is the son of Alfonso R. Reyno, Jr.

Alfonso R. Reyno, Jr. and Rodolfo B. Reyno, Jr. are cousins.

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

(c) Involvement in Certain Legal Proceedings (as of May 11, 2015).

None of the directors are involved in any bankruptcy petition, or was convicted by final judgment of any criminal offense, or subject to any order, judgment or decree or has violated a Securities or Commodities Law.

(d) Certain Relationship and Related Transactions

Parties are considered to be related if one party has the ability, directly, or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

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

Entity	Relationship	Nature	2015		2014		Terms	Condition
			Amount	Receivable/ (Payable)	Amount	Receivable/ (Payable)		
Sierra Prime Properties Corporation (SPPC)	Affiliate	Cash advances	P=	₱5,000,000	P=	₱5,000,000	1 year, 6% per annum, interest bearing	Unsecured, unguaranteed
		Sale of assets and liabilities (see Note 16)	P=	108,389,153	P=	108,389,153	Non-interest bearing	Unsecured, unguaranteed
		Interest on Cash Advances	-	600,000	P=	600,000	Non-interest bearing	Unsecured, unguaranteed
		Other advances	P=	₱95,240	P=	₱95,240	Non-interest bearing	Unsecured, unguaranteed
Manila Jockey Club, Inc. (MJC)	Stockholder	Other advances	-	-	-	-	Non-interest bearing	Unsecured, unguaranteed
		Advances (see Note 10)	P=	(2,779,799)	P=	(2,779,799)	Non-interest bearing; due and demandable	Unsecured, unguaranteed
		Subscription of common shares (see Note 14)	-	42,808,835	P=	42,808,835	Non-interest bearing; payable upon call	Unsecured, unguaranteed
MJC Forex Corporation (MFC)	Affiliate	Dollar purchases	-	-	10,118,008	-	On demand; non-interest bearing	Unsecured, no impairment

#### Sierra Prime Properties Corporation (SPPC)

In 2011, the Company extended an interest-bearing advances amounting to ₱5.0 million to SPPC for a period of one year with interest rate of 6% per annum. Interest income recognized in 2014, 2013 and 2012 amounted to ₱0.3 million, ₱0.3 million and ₱0.2 million, respectively (see Note 11). Noninterest-bearing receivable and interest receivable from SPPC amounting to ₱108.2 million and ₱0.2 million, respectively, pertains to the transfer of a group of assets and liabilities as part of the Memorandum of Agreement (MOA) signed July 24, 2008 in 2012 (see Note 16).

#### MJC Forex Corporation

The Company purchases dollars as payment to international service providers of design and consultancy related to the development project in Manila.



## 6. Compensation of Directors and Executive Officers

Information as to the aggregate compensation paid or accrued during the last year and estimated to be paid in the ensuing year to the Company's Chief Executive Officer (CEO) and four (4) most highly compensated executive officers is presented below. Also included in the tabular presentation is the compensation paid to or accrued for other officers. The stated annual salary includes the mandatory thirteenth (13th) month pay.

Position	Name	Annual Compensation								
		2013			2014			2015 (estimate)		
		Salary	Bonus	Other annual compensation	Salary	Bonus	Other annual compensation	Salary	Bonus	Other annual compensation
Chairman & CEO	Alfonso R Reyno, Jr	₱3,250,000	-	P-	₱3,250,000	P-	P-	₱5,298,540	P-	P-
Vice President & Director	Alfonso Victorio G. Reyno III	2,600,000	-	-	2,600,000	-	-	4,239,300	-	-
Chief Finance Officer	Rodolfo B. Reyno Jr.	1,240,000	-	-	1,820,000	-	-	2,967,900	-	-
Corp. Sec. & Gen. Counsel	Ferdinand A. Domingo	1,018,000	-	-	991,000	-	-	1,617,200	-	-
VP for Operations	Juan Antonio S. Gatuslao	840,000	-	-	1,820,000	-	-	2,967,900	-	-

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

### AS A GROUP

	Annual Compensation					
	2013		2014		2015 (estimate)	
	Salary	Bonus	Salary	Bonus	Salary	Bonus
Directors & Officers	₱11,640,000	P-	₱14,617,350	P-	₱23,781,940	P-

### KEY MANAGEMENT PERSONNEL

Compensation of the executive personnel of the Company as of March 31, 2015 and of the same period in 2014 amounted to ₱4.7 million and ₱3 million respectively. The Company has no standard arrangement with regard to the remuneration of its directors. The directors' fees in March 2015 is nil while in 2014 of the same period the BOD received director's fees aggregating ₱0.15 million.

## C. FINANCIAL AND OTHER INFORMATION

### 7. Independent Public Accountant

- a. The principal accountant for the fiscal year ended December 31, 2014 is Sycip Gorres Velayo & Co. (SGV) with address at 6760 Ayala Avenue, Makati City.

- b. The representatives of SGV are expected to be present at the meeting and will have the opportunity to make a statement, if they desire to do so, and to respond to appropriate questions.
- c. There are no disagreements with the accountants on accounting principles or practices, financial disclosures or other related matters.
- d. Pursuant to SRC Rule 68, Paragraph 68, paragraph 3 (b) (c), all corporations covered under the Code of Corporate Governance, who had engaged their respective external auditors for a consecutive period of five (5) years or more, shall change said external auditors or engagement partners.

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

The Audit Committee is composed of Laurito E. Serrano (Independent Director) as Chairman, Victor P. Lazatin (Independent Director), Jose Alvaro D. Rubio, Bernadette V. Quiroz and John Anthony B. Espiritu as members.

#### 8. External Audit Fees and Audit Related Fees

The Company paid its external auditor Sycip, Gorres, Velayo & Co., CPAs an amount of ₱350,000.00 for years 2014 and 2013 as professional fees in connection with statutory and regulatory filings on engagement for the said years. No other fees were paid to the external auditors for other services. There were no other service such as assurance and related services that were rendered by the external auditor for 2014 and 2013. The engagement of external auditors as well as the type of services to be rendered to the Company is being evaluated by the Audit Committee and recommended to the Board. Likewise, the payment of audit fees is being evaluated by the Audit Committee prior to remittance. Also, the Audit Committee approves the audited financial statements and recommends its approval to the Board of Directors.

#### 9. Financial Statements

A copy of the Company's audited Financial Statements for the year ended December 31, 2014 is attached herewith.

### **D. OTHER MATTERS**

#### 10. Action with Respect to Reports and Other Proposed Action

The Minutes of the Annual Stockholders' Meeting held on June 27, 2014 will be submitted for the approval of the security holders. The minutes reflect the approval of the following matters by the stockholders:

- I. Approval of the minutes of the Annual Stockholders' meeting held on June 27, 2014.
- II. Report of the Management
- III. Ratification of all Acts of the Board of Directors and Management

- IV. Election of the Members of the Board of Directors
- V. Appointment of the External Auditor

11. **Matters to be submitted for Approval**

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

As a matter of corporate policy, Management seeks the approval and ratification by the Stockholders of all acts, contracts, investments and resolutions of the Board of Directors and Management since June 27, 2014, or the last Annual Meeting. These are reflected in the minutes of meetings of the Board of Directors, the regular reports and disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange, the 2014 Annual Report and the report of the Chairman and President.

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

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

12. **Amendment of Charter By-Laws and Other Documents**

On 03 December 2014, the Securities and Exchange Commission (the "Commission") approved the amendment of Article VI Section 2 of the Company's By-Laws which states "The Board shall fix the time and place for its regular and special meetings." The Commission also approved the amendment of Article VI of the Company's By-Laws adding Section 3 which states the creation of an Executive Committee which shall be composed of five (5) members with the Chairman of the Board as Chairman thereof, and the members to be appointed by the Board of Directors may be Officers/Directors of the Company. The section also states the function of the Executive Committee.

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

On 30 July 2013, the Commission approved the amendment of Article VI Section 2 and Article XVII Section 2 of the Articles of Incorporation of the Corporation by changing the date of the annual meeting of the Board of Directors and Annual Stockholders' meeting of the Company from the last Wednesday of June of each year to second to the last business day of June of each year. The Commission also approved the amendment of Article VII and Article VIII of the By-Laws of the

Company by making the Chairman of the Board, the Chief Executive Officer, and the President, Chief Operating Officer on the same date.

13. Other Proposed Action

On June 29, 2015, the majority of the stockholders will approve and ratify the resolutions of the Board of Directors to amend the following sections of the Articles of Incorporation of the Company,, to wit:

a. *The amendment of Article First by including the business name of the Corporation to read as follows: "MJC Investments Corporation Doing Business Under the Style and Name of Winford Leisure and Entertainment Complex"*

b. *The amendment of Article Third by changing the principal office of the Corporation to Winford Leisure and Entertainment Complex No. 2040 Consuelo Street, Sta. Cruz, Manila*

**E. NOMINATION AND VOTING PROCEDURES:**

14. Nomination Procedure

- a) The Nomination Committee shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the company's information or statement or such other reports required to be submitted to the Securities and Exchange Commission.
- b) All nominations for regular and independent directors shall be signed by the nominating stockholders, who must be of good standing, together with the acceptance and conformity by the would-be nominees. The nominations should specify whether the nomination is for regular or independent director.
- c) All nominations must be submitted to the Nomination Committee at least five (5) days before the stockholders' meeting to enable the Nomination Committee to effectively pass upon the qualifications of all nominees for regular and independent directors.
- d) After screening the qualifications of all nominees, the Nomination Committee shall prepare a Final List of Candidates of both regular and independent directors five (5) days before the stockholders' meeting. Both Lists shall contain all the information about all the nominees for regular director and independent director, as required by under the Securities Regulation Code ("SRC") and its Implementing Rules and Regulations, which list shall be made available to the SEC and to the stockholders through the filing and distribution of the Information Statement.

- e) Only nominees whose names appear on the Final List of Candidates for regular and independent directors shall be eligible for election as Regular and Independent Directors. No other nominations for both regular and independent director shall be entertained after the Final List of Candidates shall have been prepared by the Nomination Committee. No further nominations for regular and independent director shall be entertained or allowed on the floor during the actual annual/special stockholders' meeting.
- f) Except as those required under the SRC and subject to pertinent existing laws, rules and regulations of the SEC, the conduct of the election of regular and independent directors shall be made in accordance with these rules of procedure.
- g) The Company shall elect at least two (2) independent directors. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing at least two (2) independent directors. He shall ensure that at least two (2) independent directors are elected during the stockholders' meeting.

#### 15. Vote Requirement

##### a) For Election of Directors

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

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

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

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

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

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

##### c) Appointment of the External Auditor.

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

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

#### Article XVII

#### Voting

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

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

#### 16. Procedure on Voting and Vote Requirement

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

#### 17. Procedure for Election of Regular and Independent Directors

- a) There shall be two (2) rounds of voting. The first round shall be the election of the nine (9) regular directors, and the second round shall be the election of the two (2) independent directors. This is to ensure that the independent directors are duly elected by the stockholders as required by the SRC.
- b) Voting is by viva voce or by acclamation. However, the election must be by ballot if requested by any stockholder.
- c) Every stockholder has the right to cumulative voting.
- d) The votes shall be tallied by the Company's external auditor, under the supervision of the Corporate Secretary.

**SIGNATURES**

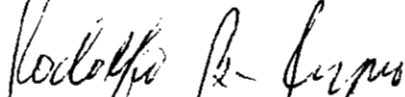
After reasonable inquiry and to the best of our knowledge and belief, we certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on 13 MAY 2015.

Registrant : **M4C INVESTMENTS CORPORATION**  
Date : 13 MAY 2015

By:

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

  
ALFONSO VICTORIO G. REYNO III  
Vice-President

  
RODOLFO B. REYNO, JR.  
Chief Finance Officer

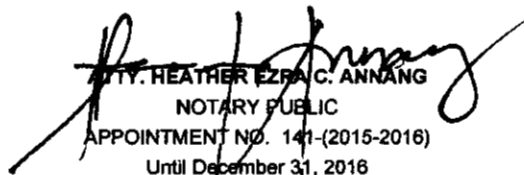
  
ROSARINA C. DIZON  
Chief Accounting Officer

  
FERDINAND A. DOMINGO  
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this day of 25 MAY 2015 at Pasig City, affiants exhibiting to me their ID Nos., as follows:

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

Doc. No. 18 ;  
Page No. 05 ;  
Book No. II ;  
Series of 2015.

  
ATTY. HEATHER EZRA C. ANNANG  
NOTARY PUBLIC  
APPOINTMENT NO. 141-(2015-2016)  
Until December 31, 2016  
PTR No. 382022 / Jan. 07, 2015 – Pasig City  
IBP No. 984773 / Jan. 07, 2015 – Cagayan  
CITY OF PASIG  
Roll of Attorney No. 54476

## REPORT REQUIRED UNDER SRC RULE 20

### MANAGEMENT REPORT

#### A. Audited Consolidated Financial Statements

The audited financial statements of the registrant as of December 31, 2014 and interim unaudited financial statements as of March 31, 2015 are attached herewith.

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

No disagreements with the independent public accountant.

#### C. Management Discussion and Analysis or Plan of Operation

1.) Financial condition and results of operations for the last three (3) fiscal years:

	2014	2013	2012
Assets	2,492,588,611	2,390,239,507	807,183,600
Liabilities	209,906,893	83,338,756	688,900,630
Capital	2,282,681,718	2,306,900,751	118,282,970
Income	10,178,114	10,917,012	29,913,188
Cost and Expenses	34,397,147	42,834,180	40,011,750
Net Income (Loss)	(24,219,033)	(31,917,168)	(10,098,562)
Deficit at Beginning of Year	(88,164,854)	(47,938,131)	(37,364,193)
Deficit at End of Year	(112,383,887)	(88,164,854)	(47,938,131)
Earnings (Loss) per share	(0.010)	(0.020)	(0.042)
Cash flows from Operating Activities	(44,367,524)	(118,733,740)	(98,918,332)
Cash Flows from Investing Activities	(879,118,024)	(220,323,554)	2,143,649
Cash Flows from Financing Activities	-	1,544,634,949	86,013,825
Net Increase (Decrease) in Cash	(923,485,548)	1,205,577,655	(10,760,858)
Cash at Beginning of Year	1,214,469,681	8,892,026	19,652,884
Cash at End of Year	290,984,133	1,214,469,681	8,892,026

*\*Cost and expenses inclusive of provision for income taxes.*

In 2014, total assets amounted to ₱2,492.59 Million compared to ₱2,390.24 Million in 2013. There was an increase of ₱102.35 Million or 4.28% increase in assets in 2014 such as advances to contractors, input value added tax, and property and equipment. Total assets in 2012 amounted to ₱807.18 Million.

Cash and cash equivalents balance as of December 31, 2014 decreased to ₱290.98 Million as compared to the balance of ₱1,214.47 Million on December 31, 2013. The decrease of ₱923.49 Million or 76.04% in 2014 is primarily due to the capital expenditures attributed to the construction of the hotel entertainment complex. The cash balance as of December 31, 2012, is ₱8.89 Million.



There is no Held for Trading Investments on December 31, 2014, 2013 and 2012.

The advances to contractors as of December 31, 2014 increased to ₱145.69 Million from ₱108.32 Million in 2013, with an increase of ₱37.37 Million or 34.50%. The increase pertains mainly to the capital outlay for the development project in Manila.

Other current assets as of December 31, 2014 increased to ₱194.39 from ₱103.73 Million as of December 31, 2013, showing an increase of ₱90.66 Million or 87.40%. The significant increases are due to the Input Vat recognized on various project costs and pre-payments. Other current assets as of December 31, 2012 were ₱74.13 Million.

Property and equipment as of December 31, 2014 increased to ₱1,733.11 from ₱841.90 Million in 2013 showing an increase of ₱891.21 Million or 105.86%. The increase is due to various project costs for the ongoing construction of the hotel-entertainment complex in Sta. Cruz, Manila. The increase of ₱600.80 Million in 2012 is mainly due to the property received in consideration for the subscription of MJCI to the Company's common shares.

In 2014, total liabilities amounted to ₱209.91 Million compared to ₱83.34 Million in 2013. There is an increase of ₱126.57 Million or 151.87%. The increase is due to the accrual of expenses mainly to the unbilled construction costs incurred for the development project and retention monies. Increase in accounts payable pertains to unclaimed check payments by the contractors and suppliers. Total liabilities in 2012 for the amount of ₱688.90 Million, is mainly due to the deposit for future stock subscription and accrual of expenses.

For the years ended December 31, 2014 and 2013, there are no "Held for trading Investments". The Company has no revenues yet from its operations as the construction of the hotel-entertainment complex is still in progress. It has earned interest income from its time deposits and interest from advances to an affiliate. In 2012 the revenue was primarily due to the unrealized gain on fair value changes of held for trading investments.

Cost and expenses inclusive of provision for income/final taxes during 2014 amounted to ₱34.40 Million reflecting a decrease of ₱8.43 Million compared to the amount in 2013 of ₱42.83 Million. Costs and expenses for the current year with high percentage decrease on salaries & wages, professional fees, filing and listing fees, meetings and conferences and transportation and travel. Costs and expenses in 2012 amounted to ₱40.01 Million.

The net loss for the current year amounted to ₱24.22 Million with a decrease of ₱7.7 Million compared to the net loss of ₱31.92 Million incurred from the previous year. The net loss for 2012 amounted to ₱10.10 Million.

The following are the comparative key performance indicators of the Company and the manner of its computation as of the years ended December 31, 2014, 2013 and 2012:

Indicators	Manner of Computation	As of the Period Ended		
		December 31, 2014	December 31, 2013	December 31, 2012
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	3.55:1	18.50:1	0.29:1
Debt Equity Ratio	$\frac{\text{Total Liabilities}}{\text{Total Equities}}$	0.09:1	0.04:1	5.82 : 1
Asset Liability Ratio	$\frac{\text{Total Assets}}{\text{Total Liabilities}}$	11.87:1	28.68:1	1.17 : 1
Return on Assets	$\frac{\text{Net Income (loss)}}{\text{Total Assets}}$	-97.00%	-1.34%	-1.25%
Basic Earnings (Losses) Per Share	$\frac{\text{Net Income (loss)}}{\text{Outstanding Common Shares}}$	(P0.010)	(P0.020)	(P0.042)

Current ratio is regarded as a measure of the Company's liquidity or its ability to meet maturing obligations. As of December 31, 2014 current ratio has decreased to 3.55 from 18.50 as of December 31, 2013. As such, the Company has ₱3.55 current assets to support a ₱ 1.00 current liability. Current ratio for 2012 is 0.29.

The debt to equity ratio measures the riskiness of the Company's capital structure in terms of relationship between the funds supplied by the creditors (debt) and investors (equity). As of December 31, 2014 the debt to equity ratio has slightly changed to 0.09 from 0.04 as of December 31, 2013. Debt Equity Ratio for 2012 is 5.82.

The asset-liability ratio exhibits the relationship of the total assets of the company with its total liabilities. As of December 31, 2014, the ratio decreased to 11.87 from 28.68 as of December 31, 2013. This indicates that for every ₱1.00 of liability, the company has ₱11.87 of its assets. Asset liability ratio for 2012 is 1.17.

The return on assets indicates the percentage of how profitable a company's assets are in generating revenue. This allows the company to see how much the income is per peso of its asset. This aspect is not yet operational in the company. As of December 31, 2014, the ratio changed to (0.97%) from (1.34%) in 2013. Return on assets ratio for 2012 is (1.25%).

As of December 31, 2014, the Company's loss per share is (₱0.010) from (₱0.020) as of the same period in 2013. In 2012, the loss per share is (₱0.042).

There are no known trends, demands, commitments, events or uncertainties that will have a material impact on liquidity nor reasonably expected to have a favorable or unfavorable impact from continuing operations

There are no events that will trigger contingent financial obligation.

There are substantial commitments on capital expenditures. The construction of the Hotel-Entertainment Complex is in progress.

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

2.) Financial condition and results of operations for the last fiscal year and for 2015 interim period.

Total current assets as of March 31, 2015, amounted to ₱1,203.73 Million showing an increase of ₱457.82 Million or 61.38% as compared to the December 31, 2014 balance of ₱ 745.91 Million. The increase is primarily due to the cash proceeds from the subscriptions of capital stocks.

Total non-current assets as of March 31, 2015, increased to ₱1,890.41 Million from the balance of ₱1,746.67 Million as of December 31, 2014, with an increase of ₱143.74 or 8.23%. The increase is due to the project related expenditures classified under the property, plant and equipment.

Accrued expenses and other liabilities as of March 31, 2015, amounted to ₱148.02 Million showing a decrease of ₱61.88 Million or (29.48%), compared to the December 31, 2014 balance of ₱209.90 Million. The decrease is mainly due to the settlements of construction cost incurred for the development project in Manila.

For the three-month period ending March 31, 2015, the Company's revenues amounted to ₱2.08 Million. There is a decrease of ₱0.78 Million or (27.27%) compared to the income for the same period in 2014 amounting to ₱2.86 Million. Revenues for the quarters are merely attributable to the interest earned on the short term investments.

Costs and expenses inclusive of provision for final tax for the three-month period ended March 31, 2015 and for the same period in 2014 amounted to ₱9.06 and ₱6.69 Million respectively. Salaries and wages indicate a large percentage of the expenses for both first quarters of 2015 and 2014.

Other expense is an aggregate amount of expenditures such as sponsorship, contribution to charity, medical mission, out of pocket expenses of external auditor and stock transfer agent and other miscellaneous payments.

Net loss amounted to ₱6.98 Million for the three-month period ending March 31, 2015. There is an increase of ₱3.15 Million from the net loss of ₱3.83 Million for the same period in 2014. This is understandable considering that the Company is under Pre-Operating stage.

The following are the comparative key performance indicators of the Company and the manner of its computation as of the period ended March 31, 2015 and 2014:

Indicators	Manner of Computation	As of the Period Ended	
		Mar 31, 2015	Mar 31, 2014
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	8.13:1	15.14:1
Debt Equity Ratio	$\frac{\text{Total Liabilities}}{\text{Total Equities}}$	0.05:1	0.04:1
Asset Liability Ratio	$\frac{\text{Total Assets}}{\text{Total Liabilities}}$	20.90:1	24.85:1

Return on Assets	<u>Net Income (Loss)</u> Total Assets	(0.23%)	(0.16%)
Basic Earnings/(Losses) Per Share	<u>Net Income (Loss)</u> Outstanding Common Shares	(P0.003)	(P0.002)

Current ratio is regarded as a measure of the Company's liquidity or its ability to meet maturing obligations. As of March 31, 2015, the current ratio decreased to 8.13 compared to 15.14 as of March 31, 2014. The outstanding payable in 2015 mostly consists of project related expenditures. The Company has ₱8.13 current assets to support a ₱1.00 current liability. In March 2013, the Company's current ratio is 49.19.

The debt to equity ratio measures the riskiness of the Company's capital structure in terms of relationship between the funds supplied by the creditors (debt) and investors (equity). As of March 31, 2015, the debt to equity ratio has increased to 0.05 from 0.04 as of March 31, 2014. The effect of low debt to equity ratio indicates lower risk, as debt holders have less claims on the company's assets. The D/E ratio in March 2013 is 0.01.

The asset-liability ratio, exhibits the relationship of the total assets of the Company with its total liabilities. As of March 31, 2015, the ratio decreased to 20.90 from 24.85 on March 31, 2014. The result indicates that for every ₱1.00 of liability, the Company has ₱20.90 of assets. The asset liability ratio In March 2013 is 108.05.

Return on Assets is computed by dividing net income over total assets. This allows the company to see how much the income is, per peso asset. As of March 31, 2015 the ratio changed to (0.23%) from (0.16%) during the same period in 2014. The ratio in March 2013 is (0.70%). This profitability ratio is not yet feasible to the company.

As of March 31, 2015, the Company's loss per share is (P0.003) from (P0.002) as of the same period in 2014 and in March 2013 the Company incurred a (P0.006) loss per share.

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

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

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

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

#### D. General Nature and Scope of Business

The Company was formed in 1955 to engage in mining business. However, the Company stopped its mining operations and eventually changed its primary

purpose form mining to that of an investments holding company (approved by the SEC on February 12, 1997).

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

#### E. Plan of Operation

The Winford Hotel and Entertainment Project located at the San Lazaro Business and Toursim Park, Sta. Cruz Manila, is being developed by the Company as a 22-story five-star hotel with 128 all suite rooms, an expansive podium to house high-end restaurants, a column-less 1,000+ person capacity, 900 parking slots and over 9,000 square meters of internationally designed themed indoor entertainment spaces. The estimated cost of the entire Project is Php8 Billion funded by way of equity and borrowings.

The hotel's entertainment hub will fill a critical need for luxury accommodations, meetings and event facilities as well as creative and innovative entertainment concepts targeted to the expanding and affluent Chinese and Filipino-Chinese communities in central Mega Manila, where no new luxury hotel has opened in the past almost ten years.

The entertainment portion is the casino to be operated by PAGCOR pursuant to the Agreement dated March 18, 2010 between PAGCOR and the Company. Under the said Agreement, the Company shall establish the gaming facility, including furnishings, with PAGCOR supervising and managing the casino operations. The Company shall be entitled to forty percent (40%) of the gross revenues of the casino after deducting prizes, winnings and taxes.

Construction of the hotel and entertainment complex is in full swing. The Company has embarked on the soft opening of the hotel and casino by December 2015.

The researches, studies and surveys conducted by local and international consulting firms show very positive and encouraging outlook of the Project. The Project is targeting China, South Korea, Japan, Malaysia, and Singapore markets because of their economic growth and consumption patterns. Furthermore, these

economies are just 2 to 4 hours from Manila. Initial results showed very positive returns and is expected to even improve in the coming years.

#### F. Market Price and Dividends

1. The principal market of the common equity of the Company is the Philippine Stock Exchange. Provided below is a table indicating the high and low sales price of the common equity of the company for 2013 to 2015.

		<u>2013</u>			
		<u>1<sup>st</sup> Quarter</u>	<u>2<sup>nd</sup> Quarter</u>	<u>3<sup>rd</sup> Quarter</u>	<u>4<sup>th</sup> Quarter</u>
		Price	Price	Price	Price
HIGH		7.50	6.60	5.80	5.60
LOW		5.69	2.90	2.50	3.25

		<u>2014</u>			
		<u>1<sup>st</sup> Quarter</u>	<u>2<sup>nd</sup> Quarter</u>	<u>3<sup>rd</sup> Quarter</u>	<u>4<sup>th</sup> Quarter</u>
		Price	Price	Price	Price
HIGH		3.55	4.00	3.50	3.80
LOW		3.08	3.16	3.16	3.16

		<u>2015</u>			
		<u>1<sup>st</sup> Quarter</u>	<u>2<sup>nd</sup> Quarter</u>	<u>3<sup>rd</sup> Quarter</u>	<u>4<sup>th</sup> Quarter</u>
		Price	Price	Price	Price
HIGH		3.98	3.48 (April)	--	--
LOW		3.00	2.75 (April)	--	--

The price of the shares is Php3.35 as of December 31, 2014.

2. There are Four Hundred Forty Four (444) holders of common equity of the Company as of May 11, 2015. The Company has no other class of shares.
3. Top Twenty Stockholders as of Record Date of May 11, 2015.

<u>No.</u>	<u>Stockholder's Name</u>	<u>No. of Shares</u>	<u>%</u>
1	PCD NOMINEE CORPORATION (FILIPINO)	1,418,213,901	44.68%
2	ONE WISTERIA LOOP HOLDINGS, INC.	145,000,000	4.57%
3	MULBERRY ORCHID HOLDINGS, INC.	140,000,000	4.41%
4	BELGRAVE SQUARE HOLDINGS, INC.	122,300,000	3.85%
5	FAIRBROOKS HOLDINGS, INC.	122,300,000	3.85%
6	SAVILLE ROW HOLDINGS, INC.	122,300,000	3.85%
7	MONTBRECIA PLACE HOLDINGS, INC.	122,300,000	3.85%

8	EVERDEEN SANDS HOLDINGS, INC.	122,300,000	3.85%
9	PEPPERBERRY VISTA HOLDINGS, INC.	122,291,662	3.85%
10	BRANFORD RIDGE HOLDINGS, INC.	75,716,000	2.39%
11	BELLTOWER LAKES HOLDINGS, INC.	75,715,000	2.39%
12	EAST BONHAM HOLDINGS, INC.	75,715,000	2.39%
13	CHERRY GROVE HOLDINGS INC.	75,715,000	2.39%
14	FLYING HERON HOLDINGS INC.	75,714,000	2.39%
15	PURPLE CASSADY HOLDINGS INC.	75,713,000	2.39%
16	ORCHARD STAR HOLDINGS INC.	75,712,000	2.39%
17	ALFONSO R. REYNO, JR.	14,582,704	0.46%
18	FERDINAND A. DOMINGO	240,022	0.01%
19	JALANE CHRISTIE TAN	215,698	0.01%
20	EBE CAPITAL HOLDINGS, INC.	200,000	0.01%

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

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

On January 23, 2009, MJCI executed a subscription agreement to subscribe to 107,360,137 shares out of the unissued portion of the authorized capital stock of the Company at the subscription price of ₱1.0 per share. The subscription was made pursuant to the Memorandum of Agreement ("MOA") dated July 24, 2008 between the Company and MJCI. As of 2013, MJCI has paid ₱64.6 million representing 60.13% of the subscription price. The remaining balance of ₱42.8 million is payable upon call of the Board of Directors of the Company (see Note 16).

On March 23, 2010, existing shareholders of the Company subscribed to 24,182,704 shares pursuant to the MOA which gives all existing shareholders an option to subscribe to additional shares equivalent to the number of shares held by them. As of March 31, 2015, said subscription has a remaining subscription receivable amounting to ₱7.5 million.

On January 16, 2013, the Company issued 600,800,000 common shares of stock in favor of MJCI taken from the authorized capital stock pursuant to a property-for-share swap transaction under the MOA.

On January 17, 2013, the Company received from a group of strategic investors the amount of ₱450.0 million representing full payment of subscriptions to 450,000,000 shares which were taken from the unsubscribed portion of the authorized capital stock at a subscription price of ₱1.0 per share. Also on the same day, the Company received from a group of non-related strategic investors, the amount of ₱73,500,000 representing full payment of subscriptions to 73,500,000 shares of stock taken from the Company's authorized capital stock.

On July 24, 2013, additional existing shareholders of the Company exercised their option to subscribe to 73,898,168 common shares pursuant to the MOA. As of

March 31, 2015, said subscription has a remaining subscription receivable amounting to ₱55.2 million.

On October 3, 2013, the group of strategic investors subscribed to additional 875,000,000 shares at the subscription price of ₱1.0 per share which subscription were paid in full. Also on the same date, the group of non-related strategic investors subscribed to 189,513,013 common shares at a subscription price of ₱1.0 per share which shares were also paid in full.

On January 14, 2015, the Company received from the group of strategic investors the amount of ₱673.8 million representing full payment of subscriptions to 673,791,662 shares at a subscription price of ₱1.0 per share.

As of March 31, 2015, the Company has an aggregate of 3,174,405,821 subscribed shares and has a total shareholder of 448 on record.

#### **G. Discussion on Compliance with Leading Practices on Corporate Governance**

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

In compliance with SEC Memorandum Circular No. 20 series of 2013, all the Directors and key officers of the Company attended a Corporate Governance Seminar on December 1, 2014. The Company also updated its Manual on Corporate Governance in compliance with SEC Memorandum Circular No. 9 Series of 2014.

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

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

For 2013 and 2014, there was no deviation from the Company's Manual on Corporate Governance.

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

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



#### **H. UNDERTAKING TO PROVIDE ANNUAL REPORT**

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

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

**MJC INVESTMENTS CORPORATION**  
**BALANCE SHEETS**

	March 31, 2015	December 31, 2014
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash in banks (Note 6)	635,675,921	290,984,133
Receivables (Note 7)	114,284,515	114,844,671
Advances to contractors and suppliers (Note 9)	224,904,774	145,694,020
Prepayments	1,331,438	1,230,890
Input value added tax (VAT) (Note 8)	227,536,621	193,158,618
<b>Total Current Assets</b>	<b>1,203,733,269</b>	<b>745,912,332</b>
<b>Noncurrent Assets</b>		
Property and equipment (Note 9)	1,883,270,021	1,733,107,032
Deferred Input VAT (Note 8)	7,141,287	13,569,247
<b>Total Noncurrent Assets</b>	<b>1,890,411,308</b>	<b>1,746,676,279</b>
<b>TOTAL ASSETS</b>	<b>3,094,144,577</b>	<b>2,492,588,611</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accrued expenses and other current liabilities (Note 10)	148,018,506	209,900,893
Income tax payable	6,000	6,000
<b>Total Liabilities</b>	<b>148,024,506</b>	<b>209,906,893</b>
<b>Equity</b>		
Capital stock (Note 13)	3,068,857,267	2,395,065,605
Deficit	(122,737,196)	(112,383,887)
<b>Total Equity</b>	<b>2,946,120,071</b>	<b>2,282,681,718</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,094,144,577</b>	<b>2,492,588,611</b>

**MJC INVESTMENTS CORPORATION**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE PERIODS ENDED MARCH 31, 2015 and 2014**  
(Unaudited)

	2015	2014
<b>INVESTMENT GAINS (LOSSES)</b>		
Gains (losses) on fair value changes of held for trading investments	-	-
	-	-
<b>EXPENSES</b>		
Salaries and Wages	6,646,999	3,659,338
Filing and listing fees	254,450	250,000
Meetings and conferences	22,397	778,679
Transportation and Travel	17,387	732,534
Professional Fees	565,668	234,400
Director's fees (Note 13)	-	153,500
Rental Expense	342,697	25,000
Representation	-	-
Supplies	15,501	25,040
Utilities	68,462	11,600
Taxes and Licenses	5,066	17,745
Depreciation (Note 9)	153,617	94,579
Others	555,118	133,973
	<b>8,647,362</b>	<b>6,116,388</b>
<b>OTHER INCOME (CHARGES)</b>		
Interest income (Note 11)	2,078,763	2,855,112
	<b>2,078,763</b>	<b>2,855,112</b>
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>(6,568,599)</b>	<b>(3,261,276)</b>
<b>PROVISION FOR (BENEFIT FROM)</b>	<b>415,753</b>	<b>571,022</b>
<b>INCOME TAX (Note 12)</b>		
<b>NET INCOME (LOSS)</b>	<b>(6,984,352)</b>	<b>(3,832,299)</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>(6,984,352)</b>	<b>(3,832,299)</b>
<b>Basic/Diluted Losses Per Share (Note 15)</b>	<b>(P 0.003)</b>	<b>(P 0.002)</b>

**MJC INVESTMENTS CORPORATION**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE QUARTERS ENDED MARCH 31, 2015 and 2014**  
**(Unaudited)**

	2015	2014
<b>INVESTMENT GAINS (LOSSES)</b>		
Gains (losses) on fair value changes of held for trading investments	-	-
	-	-
<b>EXPENSES</b>		
Salaries and Wages	6,646,999	3,659,338
Filing and listing fees	254,450	250,000
Meetings and conferences	22,397	778,679
Transportation and Travel	17,387	732,534
Professional Fees	565,668	234,400
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<b>INCOME TAX (Note 11)</b>		
<b>NET INCOME (LOSS)</b>	<b>(6,984,352)</b>	<b>(3,832,299)</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>(6,984,352)</b>	<b>(3,832,299)</b>
<b>Basic/Diluted Losses Per Share (Note 15)</b>	<b>(P 0.003)</b>	<b>(P 0.002)</b>

**MJC INVESTMENTS CORPORATION**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE QUARTERS ENDED MARCH 31, 2015, AND 2014**

	Capital Stock			Additional	Deficit	Total
	Subscribed	Subscription	Net			
<b>BALANCES AT DECEMBER 31, 2013*</b>	<b>2,500,614,159</b>	<b>(105,548,554)</b>	<b>2,395,065,605</b>	-	<b>(88,164,854)</b>	<b>2,306,900,751</b>
Total comprehensive loss for the year	-	-	-	-	(24,219,033)	(24,219,033)
<b>BALANCES AT DECEMBER 31, 2014*</b>	<b>2,500,614,159</b>	<b>(105,548,554)</b>	<b>2,395,065,605</b>	-	<b>(112,383,887)</b>	<b>2,282,681,718</b>
Additional Subscription**	673,791,662	-	673,791,662	-	-	673,791,662
Transaction cost on Stock issuance**	-	-	-	-	(3,368,958)	(3,368,958)
Total comprehensive loss for the quarter**	-	-	-	-	(6,984,351)	(6,984,351)
<b>BALANCES AT MARCH 31, 2015**</b>	<b>3,174,405,821</b>	<b>(105,548,554)</b>	<b>3,068,857,267</b>	-	<b>(122,737,196)</b>	<b>2,946,120,071</b>
<b>BALANCES AT DECEMBER 31, 2012*</b>	<b>237,902,978</b>	<b>(71,681,877)</b>	<b>166,221,101</b>	-	<b>(47,938,131)</b>	<b>118,282,970</b>
Collection of subscription receivables	-	39,786,281	39,786,281	-	-	39,786,281
Subscription of Capital Stock	2,262,711,181	(73,652,958)	2,189,058,223	-	-	2,189,058,223
Transaction cost on issuance of Capital Stock	-	-	-	-	(8,309,555)	(8,309,555)
Total comprehensive loss for the year	-	-	-	-	(31,917,168)	(31,917,168)
<b>BALANCES AT DECEMBER 31, 2013*</b>	<b>2,500,614,159</b>	<b>(105,548,554)</b>	<b>2,395,065,605</b>	-	<b>(88,164,854)</b>	<b>2,306,900,751</b>
Total comprehensive loss for the quarter**	-	-	-	-	(3,832,299)	(3,832,299)
<b>BALANCES AT MARCH 31, 2014**</b>	<b>2,500,614,159</b>	<b>(105,548,554)</b>	<b>2,395,065,605</b>	-	<b>(91,997,153)</b>	<b>2,303,068,452</b>

\* Audited

\*\* Unaudited

**MJC INVESTMENTS CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIODS ENDED MARCH 31, 2015 and 2014**  
(Unaudited)

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	(6,568,598)	(3,261,276)
Adjustments for:		
Interest income (Note 11)	(2,078,763)	(2,855,112)
Depreciation (Note 9)	153,617	94,579
Operating loss before working capital changes	(8,493,744)	(6,021,809)
Decrease (increase) in:		
Advances to Contractors and suppliers	(79,210,754)	-
Receivables	560,156	(22,057,638)
Input value added tax		(14,462,818)
Current	(34,378,003)	
Deferred	6,427,960	
Prepayments	(100,548)	(14,000)
Decrease in accrued expenses and other liabilities	(61,882,387)	13,236,704
Net cash generated from (used in) operations	(177,077,320)	(29,319,561)
Income taxes paid, including creditable withholding and final taxes	(415,753)	(571,022)
Net cash flows provided by (used in) operating activities	(177,493,073)	(29,890,583)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of property and equipment (Note 9)	(150,316,606)	(95,009,333)
Interest received	2,078,763	2,855,112
Net cash flows provided by (used in) investing activities	(148,237,843)	(92,154,221)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from subscription of capital stock	673,791,662	-
Transaction cost for issuance of capital stock	(3,368,958)	-
Net cash flows provided by (used in) financing activities	670,422,704	-
<b>NET INCREASE IN CASH</b>	<b>344,691,788</b>	<b>(122,044,804)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>290,984,133</b>	<b>1,214,469,681</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIODS</b>	<b>635,675,921</b>	<b>1,092,424,877</b>

**MJC INVESTMENTS CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE QUARTERS ENDED MARCH 31, 2015 and 2014**  
**(Unaudited)**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	(6,568,598)	(3,261,276)
Adjustments for:		
Interest income (Note 11)	(2,078,763)	(2,855,112)
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<b>CASH AND CASH EQUIVALENTS AT END OF THE QUARTERS</b>	<b>635,675,921</b>	<b>1,092,424,877</b>

**MJC INVESTMENTS CORPORATION**  
**AGING SCHEDULE OF RECEIVABLES**  
**AS OF MARCH 31, 2015**  
(Unaudited)

Particulars	Current	1-30 days	31-60 days	61-120 days	121-180 days	181-360 days	Over 1 Year	Total
Receivables from SPPC				300,000			113,784,395	114,084,395
Advances to Employees	200,120							200,120
<b>Total</b>	<b>200,120</b>	<b>-</b>	<b>-</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>113,784,395</b>	<b>114,284,515</b>





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

## CERTIFICATION

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

IN WITNESS WHEREOF, I have hereunto set my hand this 25 day of MAY 2015 at Pasig City.

  
**LEMUEL M. SANTOS**  
Corporate Information Officer

SUBSCRIBED AND SWORN to before me this 25 MAY 2015 at Pasig City, affiant exhibiting to me his Tax Identification No. 143-405-790 issued at Philippines.

Doc. No. 19;  
Page No. 5;  
Book No. II;  
Series of 2015.

  
**ATTY. HEATHER EZRA C. ANANG**  
NOTARY PUBLIC

APPOINTMENT NO. 141-(2015-2016)

Until December 31, 2016

PTR No. 382022 / Jan. 07, 2015 – Pasig City

IBP No. 984773 / Jan. 07, 2015 – Cagayan

CITY OF PASIG

Roll of Attorney No. 54476

**MJC INVESTMENTS CORPORATION**  
**BALANCE SHEETS**

	March 31, 2015	December 31, 2014
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash in banks (Note 6)	635,675,921	290,984,133
Receivables (Note 7)	114,284,515	114,844,671
Advances to contractors and suppliers (Note 9)	224,904,774	145,694,020
Prepayments	1,331,438	1,230,890
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<b>Total Current Assets</b>	<b>1,203,733,269</b>	<b>745,912,332</b>
<b>Noncurrent Assets</b>		
Property and equipment (Note 9)	1,883,270,021	1,733,107,032
Deferred Input VAT (Note 8)	7,141,287	13,569,247
<b>Total Noncurrent Assets</b>	<b>1,890,411,308</b>	<b>1,746,676,279</b>
<b>TOTAL ASSETS</b>	<b>3,094,144,577</b>	<b>2,492,588,611</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accrued expenses and other current liabilities (Note 10)	148,018,506	209,900,893
Income tax payable	6,000	6,000
<b>Total Liabilities</b>	<b>148,024,506</b>	<b>209,906,893</b>
<b>Equity</b>		
Capital stock (Note 13)	3,068,857,267	2,395,065,605
Deficit	(122,737,196)	(112,383,887)
<b>Total Equity</b>	<b>2,946,120,071</b>	<b>2,282,681,718</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,094,144,577</b>	<b>2,492,588,611</b>

**MJC INVESTMENTS CORPORATION**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE PERIODS ENDED MARCH 31, 2015 and 2014**  
**(Unaudited)**

	2015	2014
<b>INVESTMENT GAINS (LOSSES)</b>		
Gains (losses) on fair value changes of held for trading investments	-	-
	-	-
<b>EXPENSES</b>		
Salaries and Wages	6,646,999	3,659,338
Filing and listing fees	254,450	250,000
Meetings and conferences	22,397	778,679
Transportation and Travel	17,387	732,534
Professional Fees	565,668	234,400
Director's fees (Note 13)	-	153,500
Rental Expense	342,697	25,000
Representation	-	-
Supplies	15,501	25,040
Utilities	68,462	11,600
Taxes and Licenses	5,066	17,745
Depreciation (Note 9)	153,617	94,579
Others	555,118	133,973
	8,647,362	6,116,388
<b>OTHER INCOME (CHARGES)</b>		
Interest income (Note 11)	2,078,763	2,855,112
	2,078,763	2,855,112
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>(6,568,599)</b>	<b>(3,261,276)</b>
<b>PROVISION FOR (BENEFIT FROM)</b>	<b>415,753</b>	<b>571,022</b>
<b>INCOME TAX (Note 12)</b>		
<b>NET INCOME (LOSS)</b>	<b>(6,984,352)</b>	<b>(3,832,299)</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>(6,984,352)</b>	<b>(3,832,299)</b>
<b>Basic/Diluted Losses Per Share (Note 15)</b>	<b>(P 0.003)</b>	<b>(P 0.002)</b>

**MJC INVESTMENTS CORPORATION**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE QUARTERS ENDED MARCH 31, 2015 and 2014**  
**(Unaudited)**

	2015	2014
<b>INVESTMENT GAINS (LOSSES)</b>		
Gains (losses) on fair value changes of held for trading investments	-	-
	-	-
<b>EXPENSES</b>		
Salaries and Wages	6,646,999	3,659,338
Filing and listing fees	254,450	250,000
Meetings and conferences	22,397	778,679
Transportation and Travel	17,387	732,534
Professional Fees	565,668	234,400
Director's fees (Note 13)	-	153,500
Rental Expense	342,697	25,000
Representation	-	-
Supplies	15,501	25,040
Utilities	68,462	11,600
Taxes and Licenses	5,066	17,745
Depreciation (Note 9)	153,617	94,579
Others	555,118	133,973
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<b>INCOME TAX (Note 11)</b>		
<b>NET INCOME (LOSS)</b>	<b>(6,984,352)</b>	<b>(3,832,299)</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>(6,984,352)</b>	<b>(3,832,299)</b>
<b>Basic/Diluted Losses Per Share (Note 15)</b>	<b>(P 0.003)</b>	<b>(P 0.002)</b>

MJC INVESTMENTS CORPORATION  
STATEMENTS OF CHANGES IN EQUITY  
FOR THE QUARTERS ENDED MARCH 31, 2015, AND 2014

	Capital Stock			Additional	Deficit	Total
	Subscribed	Subscription	Net			
<b>BALANCES AT DECEMBER 31, 2013*</b>	2,500,614,159	(105,548,554)	2,395,065,605	-	(88,164,854)	2,306,900,751
Total comprehensive loss for the year	-	-	-	-	(24,219,033)	(24,219,033)
<b>BALANCES AT DECEMBER 31, 2014*</b>	2,500,614,159	(105,548,554)	2,395,065,605	-	(112,383,887)	2,282,681,718
Additional Subscription**	673,791,662	-	673,791,662	-	-	673,791,662
Transaction cost on Stock issuance**	-	-	-	-	(3,368,958)	(3,368,958)
Total comprehensive loss for the quarter**	-	-	-	-	(6,984,351)	(6,984,351)
<b>BALANCES AT MARCH 31, 2015**</b>	<b>3,174,405,821</b>	<b>(105,548,554)</b>	<b>3,068,857,267</b>	-	<b>(122,737,196)</b>	<b>2,946,120,071</b>

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

\* Audited

\*\* Unaudited

**MJC INVESTMENTS CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE PERIODS ENDED MARCH 31, 2015 and 2014**  
(Unaudited)

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	(6,568,598)	(3,261,276)
Adjustments for:		
Interest income (Note 11)	(2,078,763)	(2,855,112)
Depreciation (Note 9)	153,617	94,579
Operating loss before working capital changes	(8,493,744)	(6,021,809)
Decrease (increase) in:		
Advances to Contractors and suppliers	(79,210,754)	-
Receivables	560,156	(22,057,638)
Input value added tax		(14,462,818)
Current	(34,378,003)	
Deferred	6,427,960	
Prepayments	(100,548)	(14,000)
Decrease in accrued expenses and other liabilities	(61,882,387)	13,236,704
Net cash generated from (used in) operations	(177,077,320)	(29,319,561)
Income taxes paid, including creditable withholding and final taxes	(415,753)	(571,022)
Net cash flows provided by (used in) operating activities	(177,493,073)	(29,890,583)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of property and equipment (Note 9)	(150,316,606)	(95,009,333)
Interest received	2,078,763	2,855,112
Net cash flows provided by (used in) investing activities	(148,237,843)	(92,154,221)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from subscription of capital stock	673,791,662	-
Transaction cost for issuance of capital stock	(3,368,958)	-
Net cash flows provided by (used in) financing activities	670,422,704	-
<b>NET INCREASE IN CASH</b>	<b>344,691,788</b>	<b>(122,044,804)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>290,984,133</b>	<b>1,214,469,681</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIODS</b>	<b>635,675,921</b>	<b>1,092,424,877</b>

**MJC INVESTMENTS CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE QUARTERS ENDED MARCH 31, 2015 and 2014**  
(Unaudited)

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	(6,568,598)	(3,261,276)
Adjustments for:		
Interest income (Note 11)	(2,078,763)	(2,855,112)
Depreciation (Note 8)	153,617	94,579
Operating loss before working capital changes	(8,493,744)	(6,021,809)
Decrease (increase) in:		
Advances to Contractors and suppliers	(79,210,754)	-
Receivables	560,156	(22,057,638)
Input value added tax		(14,462,818)
Current	(34,378,003)	
Deferred	6,427,960	
Prepayments	(100,548)	(14,000)
Decrease in accrued expenses and other liabilities	(61,882,387)	13,236,704
Net cash generated from (used in) operations	(177,077,320)	(29,319,561)
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<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from subscription of capital stock	673,791,662	-
Transaction cost for issuance of capital stock	(3,368,958)	-
Net cash flows provided by (used in) financing activities	670,422,704	-
<b>NET INCREASE IN CASH</b>	<b>344,691,788</b>	<b>(122,044,804)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>290,984,133</b>	<b>1,214,469,681</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE QUARTERS</b>	<b>635,675,921</b>	<b>1,092,424,877</b>

MJC INVESTMENTS CORPORATION  
AGING SCHEDULE OF RECEIVABLES  
AS OF MARCH 31, 2015  
(Unaudited)

Particulars	Current	1-30 days	31-60 days	61-120 days	121-180 days	181-360 days	Over 1 Year	Total
Receivables from SPPC				300,000			113,784,395	114,084,395
Advances to Employees	200,120							200,120
<b>Total</b>	<b>200,120</b>	<b>-</b>	<b>-</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>113,784,395</b>	<b>114,284,515</b>



## CERTIFICATION OF INDEPENDENT DIRECTORS

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

1. I am an Independent Director of MJC Investments Corporation ("MJIC").
2. I am affiliated with the following companies:

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

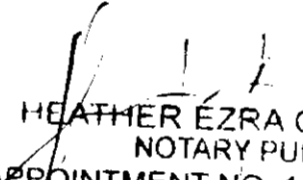
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of MJIC as provided for in Section 38 of the Securities Regulation Code and its Implementation Rules and Regulations.
4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.
5. I shall inform the Corporate Secretary of MJIC of any changes in the abovementioned within five (5) days from its occurrence.

DONE this day of 25 MAY 2015 2015 at Pasig City.

  
~~VICTOR P. LAZATIN~~  
Affiant

SUBSCRIBED AND SWORN to before me this day of 25 MAY 2015 at Pasig City, affiant personally appeared before me and exhibited to me his Tax Identification No. 125-673-098 issued in the Philippines.

Doc. No. 20 :  
Page No. 5 :  
Book No. 1 :  
Series of 2015.

  
HEATHER EZRA C. ANNANG  
NOTARY PUBLIC  
APPOINTMENT NO. 141 (2015-2016)  
UNTIL DECEMBER 31, 2016  
PTR NO. 382022 / 01-07-15 / PASIG CITY  
IBP NO. 984773 / 01-07-15 / CAGAYAN  
CITIES OF PASIG, TAGUIG, SAN JUAN AND PATEROS  
ROLL OF ATTORNEY NO. 54476

**CERTIFICATION OF INDEPENDENT DIRECTOR**

I, **LAURITO E. SERRANO**, Filipino, of legal age and a resident of 4205C Madras St., Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I was re-elected as an independent director of **MJC INVESTMENTS CORPORATION (MIC)** during the Annual Shareholders' Meeting of MIC on 27 June 2014.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service/ Affiliation Period
Philippine Veterans Bank	Director	Since June 2012
Atlas Consolidated Mining and Development Corporation	Independent Director	Since August 2012
APC Group, Inc.	Independent Director	Since June 2013
Pacific Online Systems Inc.	Independent Director	Since May 2014
Travellers International Hotel Group Inc.	Independent Director	Since November 2013
MRT Dev. Corporation	Director	Since July 2013
Makati Parking Authority	Trustee/ Vice-President	Since May 2013
Ciba Capital Phils. Inc. (Inactive)	Director	March 2010 to Sept. 2013
Fil-Estate and Metro Rail Transit Group	Senior Advisor Director	1997 to 2010
SGV & Co.	Partner – Corporate Finance Group	1980 to 1997

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of MIC as provided for in Section 38 of the Securities and Regulation Code and its Implementing Rules and Regulations.
4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulations Code.
5. I shall inform the corporate secretary of MIC of any changes in the abovementioned information within five days from its occurrence.

Done, this 13 day of May 2015, at Pasay City.



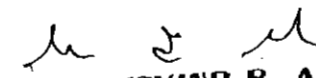
**LAURITO E. SERRANO**  
Affiant

13 MAY 2015.

**PASAY CITY**

SUBSCRIBED AND SWORN to before me this 13 day of May 2015 in PASAY CITY, affiant personally appeared before me and exhibited to me his Driver's License No. N05-79-030116 valid until 03 August 2016.

Doc. No. 146;  
Page No. 28;  
Book No. 9;  
Series of 2015.

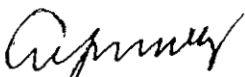
  
**ATTY. JOVINO R. ANGEL**  
NOTARY PUBLIC  
UNTIL DECEMBER 31, 2015  
COMMISSION NO. 13-11-2-7-13 PASAY CITY  
PTR NO. 4192231 1-5-15 PASAY CITY  
IBP NO. 977956 1-5-15 PASAY CITY  
ROLL NO. 28761 APR. 21, 1978

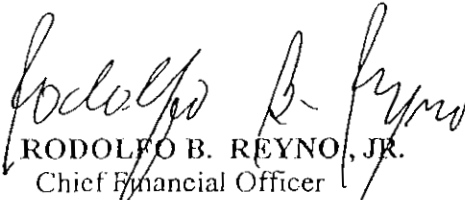
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**


The management of MJC Investments Corporation (the Company) is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2014 and 2013, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the 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 of the Company reviews and approves the financial statements and submits the same to the stockholders of the Company.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, for the period December 31, 2014 and 2013, has examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders of the Company, has expressed its opinion on the fairness of presentation upon completion of such examination.

  
ATTY. ALFONSO R. REYNO, JR.  
Chairman / President/ CEO

  
RODOLFO B. REYNO, JR.  
Chief Financial Officer

  
JING-JING S. ROMERO  
NOTARY PUBLIC  
APPOINTMENT NO. 194 (2014-2015)  
UNTIL DECEMBER 31, 2015  
PTR NO. 3422024 (11-07-15/PASIG CITY  
IBP NO. 96/93011-08-15/QUEZON CITY  
CITY OF PASIG  
ROLL OF ATTORNEY NO. 60827

Signed on this 13<sup>th</sup> day of April, 2015

DOC NO. 370 ;  
PAGE NO. 78 ;  
BOOK NO. I ;  
SERIES OF 2015 ;

**RECEIVED**  
UNIONBANK OF THE PHILIPPINES  
JULIA VARGAS BRANCH  
APR 15 2015  
RDO CODE - 43A  
SERIAL CODE - 042 103

## INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors  
MJC Investments Corporation

### Report on the Financial Statements

We have audited the accompanying financial statements of MJC Investments Corporation, which comprise the statement of financial position as at December 31, 2014 and 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

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

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

#### *Auditors' Responsibility*

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

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

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



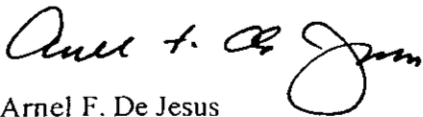
*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of MJC Investments Corporation as at December 31, 2014 and 2013, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2014 in accordance with Philippine Financial Reporting Standards.

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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 23 to the financial statements are presented for purposes of filing with the Bureau of Internal Revenue and are not a required part of the basic financial statements. Such information are the responsibility of the management of MJC Investments Corporation. The information have been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO &amp; CO.



Arnel F. De Jesus

Partner

CPA Certificate No. 43285

SEC Accreditation No. 0075-AR-3 (Group A),

February 14, 2013, valid until February 13, 2016

Tax Identification No. 152-884-385

BIR Accreditation No. 08-001998-15-2012,

June 19, 2012, valid until June 18, 2015

PTR No.4751272, January 5, 2015, Makati City

April 13, 2015



**MJC INVESTMENTS CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2014	2013
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 6)	₱290,984,133	₱1,214,469,681
Receivables (Note 7)	114,844,671	114,898,538
Advances to contractors and suppliers (Note 9)	145,694,020	108,321,958
Prepayments	1,230,890	900,090
Input value added tax (VAT) (Note 8)	193,158,618	102,830,215
Total Current Assets	<u>745,912,332</u>	<u>1,541,420,482</u>
<b>Noncurrent Assets</b>		
Property and equipment (Note 9)	1,733,107,032	841,896,050
Deferred input VAT (Note 8)	13,569,247	6,922,975
Total Noncurrent Assets	<u>1,746,676,279</u>	<u>848,819,025</u>
	<b>₱2,492,588,611</b>	<b>₱2,390,239,507</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities (Note 10)	₱209,900,893	₱83,332,756
Income tax payable	6,000	6,000
Total Current Liabilities	<u>209,906,893</u>	<u>83,338,756</u>
<b>Equity</b>		
Capital stock (Note 14)	2,395,065,605	2,395,065,605
Deficit	(112,383,887)	(88,164,854)
Total Equity	<u>2,282,681,718</u>	<u>2,306,900,751</u>
	<b>₱2,492,588,611</b>	<b>₱2,390,239,507</b>

*See accompanying Notes to Financial Statements.*



**MJC INVESTMENTS CORPORATION**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012**

	Capital Stock (Note 14)				
	Subscribed	Subscription Receivables	Net	Deficit	Total
<b>BALANCES AT DECEMBER 31, 2013</b>	<b>₱2,500,614,159</b>	<b>(₱105,548,554)</b>	<b>₱2,395,065,605</b>	<b>(₱88,164,854)</b>	<b>₱2,306,900,751</b>
Total comprehensive loss for the year	-	-	-	<b>(24,219,033)</b>	<b>(24,219,033)</b>
<b>BALANCES AT DECEMBER 31, 2014</b>	<b>₱2,500,614,159</b>	<b>(₱105,548,554)</b>	<b>₱2,395,065,605</b>	<b>(₱112,383,887)</b>	<b>₱2,282,681,718</b>
<b>BALANCES AT DECEMBER 31, 2012</b>	<b>₱237,902,978</b>	<b>(₱71,681,877)</b>	<b>₱166,221,101</b>	<b>(₱47,938,131)</b>	<b>₱118,282,970</b>
Collection of subscription receivables	-	39,786,281	39,786,281	-	39,786,281
Subscription of capital stock (Note 13 and 14)	2,262,711,181	(73,652,958)	2,189,058,223	-	2,189,058,223
Transaction cost on issuance of capital stock (Note 14)	-	-	-	(8,309,555)	(8,309,555)
Total comprehensive loss for the year	-	-	-	<b>(31,917,168)</b>	<b>(31,917,168)</b>
<b>BALANCES AT DECEMBER 31, 2013</b>	<b>₱2,500,614,159</b>	<b>(₱105,548,554)</b>	<b>₱2,395,065,605</b>	<b>(₱88,164,854)</b>	<b>2,306,900,751</b>

See accompanying Notes to Financial Statements.



**MJC INVESTMENTS CORPORATION**  
**STATEMENTS OF CASH FLOWS**

	Years Ended December 31		
	2014	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before income tax	(P22,237,410)	(P29,787,791)	(P10,082,720)
Adjustments for:			
Interest income (Note 11)	(10,178,114)	(10,917,012)	(249,051)
Depreciation (Note 9)	489,366	35,018	17,739
Unrealized losses on fair value changes of held for trading investments	-	-	(27,594,539)
Dividend income	-	-	(2,069,598)
Operating loss before working capital changes	(31,926,158)	(40,669,785)	(39,978,169)
Increase in:			
Advances to contractors and suppliers	(37,372,062)	(108,321,958)	-
Receivables	(515,717)	(500,000)	(5,945,265)
Input VAT			
Current	(90,328,403)	(28,699,820)	(73,861,770)
Deferred	(6,646,272)	(6,922,975)	-
Prepayments	(330,800)	(900,090)	-
Increase in accounts payable and other current liabilities	124,733,509	69,407,765	20,908,363
Net cash used in operations	(42,385,903)	(116,606,863)	(98,876,841)
Income taxes paid, including withholding final taxes	(1,981,623)	(2,126,877)	(41,491)
Net cash flows used in operating activities	(44,367,526)	(118,733,740)	(98,918,332)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisitions of property and equipment (Note 9)	(891,700,348)	(231,254,282)	-
Interest received	10,747,698	10,002,867	74,051
Advances received from a related party (Note 13)	1,834,628	927,861	-
Dividends received	-	-	2,069,598
Net cash flows provided by (used in) investing activities	(879,118,022)	(220,323,554)	2,143,649
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from subscription of capital stock	-	1,513,158,223	-
Collection of subscription receivable	-	39,786,281	26,975,254
Transaction cost for issuance of capital stock	-	(8,309,555)	-
Payment of taxes and licenses for property for share exchange	-	-	(3,004,000)
Deposit for future stock subscription	-	-	75,100,000
Payments of advances from related parties	-	-	(13,057,429)
Net cash flows provided by financing activities	-	1,544,634,949	86,013,825
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(923,485,548)</b>	<b>1,205,577,655</b>	<b>(10,760,858)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>1,214,469,681</b>	<b>8,892,026</b>	<b>19,652,884</b>
<b>CASH AT END OF YEAR (Note 6)</b>	<b>P290,984,133</b>	<b>P1,214,469,681</b>	<b>P8,892,026</b>

See accompanying Notes to Financial Statements.





# MJC INVESTMENTS CORPORATION

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## NOTES TO FINANCIAL STATEMENTS

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### 1. Corporate Information

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

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

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

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

The registered office address of the Company is 12<sup>th</sup> Floor Strata 100 Building F, Ortigas Jr. Road, Ortigas Center, Pasig City.

The financial statements of the Company were approved and authorized for issue by the Board of Directors (BOD) on April 13, 2015.

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### 2. Basis of Preparation and Statement of Compliance

#### Basis of Preparation

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

#### Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).



### 3. Summary of Significant Changes in Accounting Policies and Disclosures

#### *New and amended standards and interpretation*

The Company applied for the first time certain standards and interpretation, which are effective for annual periods beginning on or after January 1, 2014. Except when otherwise indicated, these standards and interpretation have no impact on the Company's financial position, performance and/or disclosures:

- *PAS 32, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendments)*  
These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively.
- *PAS 36, Impairment of Assets - Recoverable Amount Disclosures for Nonfinancial Assets (Amendments)*  
These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period.
- *PAS 39, Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendments)*  
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required.
- *Investment Entities (Amendments to PFRS 10, Consolidated Financial Statements, PFRS 12, Disclosure of Interests in Other Entities and PAS 27, Separate Financial Statements)*  
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss (FVPL). The amendments must be applied retrospectively, subject to certain transition relief.
- *Philippine Interpretation of IFRIC 21, Levies*  
Philippine Interpretation of IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for this interpretation.
- *Annual Improvements to PFRSs (2010-2012 cycle)*  
In the 2010 - 2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13, *Fair Value Measurement*. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no impact on the Company.
- *Annual Improvements to PFRSs (2011-2013 cycle)*  
In the 2011 - 2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - First-time Adoption of PFRS*. The amendment to PFRS 1 is effective



immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Company as it is not a first time PFRS adopter.

#### Standards Issued but not yet Effective

The Company will adopt the following new and amended standards and interpretations when these become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended standards and interpretations to have significant impact on the financial statements.

#### *Effective in 2015*

- PAS 19 (Amendments), *Employee Benefits - Defined Benefit Plans: Employee Contributions* (effective for annual periods beginning on or after January 1, 2015 and are applied retrospectively)  
PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

Annual Improvements to PFRSs (2010-2012 Cycle) (effective for annual periods beginning on or after January 1, 2015)

These annual improvements include:

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*  
The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.
- PAS 24, *Related Party Disclosures - Key Management Personnel*  
The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.
- PFRS 2, *Share-based Payment - Definition of Vesting Condition*  
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  - A performance condition must contain a service condition.
  - A performance target must be met while the counterparty is rendering service.
  - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same company.
  - A performance condition may be a market or non-market condition.
  - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.



- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*  
The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at FVPL whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement*.
- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*  
The amendments are applied retrospectively and clarify that:
  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

Annual Improvements to PFRSs (2011-2013 Cycle) (effective for annual periods beginning on or after January 1, 2015)

These annual improvements include:

- PAS 40, *Investment Property*  
The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).
- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*  
The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.
- PFRS 13, *Fair Value Measurement - Portfolio Exception*  
The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

*Effective in 2016*

- PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets (Amendments) - Clarification of Acceptable Methods of Depreciation and Amortization* (effective for annual periods beginning on or after January 1, 2016 and are applied prospectively)  
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a



revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

- PAS 16, *Property, Plant and Equipment* and PAS 41, *Agriculture (Amendments) - Bearer Plants* (effective for annual periods beginning on or after January 1, 2016 and are applied retrospectively)  
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply.
- PAS 27 (Amendments), *Separate Financial Statements - Equity Method in Separate Financial Statements* (effective for annual periods beginning on or after January 1, 2016 and are applied retrospectively)  
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective for annual periods beginning on or after January 1, 2016 and are applied retrospectively)  
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- PFRS 11 (Amendments), *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (effective for annual periods beginning on or after January 1, 2016 and are applied prospectively)  
The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.



Annual Improvements to PFRSs (2012-2014 Cycle) (effective for annual periods beginning on or after January 1, 2016)

These annual improvements include:

- *PAS 19, Employee Benefits - Regional Market Issue Regarding Discount Rate*  
This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- *PFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*  
The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
- *PFRS 7, Financial Instruments: Disclosures - Servicing Contracts*  
PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

#### *Effective in 2018*

- *PFRS 9, Financial Instruments* (effective for annual periods beginning on or after January 1, 2018 and are applied retrospectively)  
In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Company's financial liabilities. The Company is currently assessing the impact of adopting this standard.

#### *Interpretation whose effective date was deferred*

- *Philippine Interpretation of IFRIC 15, Agreements for the Construction of Real Estate*  
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Philippine SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.



*Standard issued by the IASB but not yet been adopted by the FRSC*

- *IFRIC 15, Revenue from Contracts with Customers*  
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted.

The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

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#### 4. Summary of Significant Accounting and Financial Reporting Policies

##### Financial Assets and Financial Liabilities

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

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

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

Financial assets are classified into the following categories:

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

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

- a. Financial liabilities at FVPL
- b. Other financial liabilities

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

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



#### *Loans and receivables*

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

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

Included in this category are the Company's cash and cash equivalents and receivables as of December 31, 2014 and 2013.

#### *Other financial liabilities*

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

Included in this category are the Company's accounts payable and other current liabilities as of December 31, 2014 and 2013.

#### Derecognition of Financial Assets and Financial Liabilities

##### *Financial assets*

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

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

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

##### *Financial liabilities*

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

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





#### Day 1 Difference

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

#### Offsetting Financial Instruments

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

#### Impairment of Financial Assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

#### *Assets carried at amortized cost*

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in statements of comprehensive income. Interest income continues to be accrued on the reduced carrying amount based on the original EIR of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is



increased or reduced by adjusting the allowance for impairment losses account. If a future write-off is later recovered, the recovery is recognized in the statements of comprehensive income. Any subsequent reversal of an impairment loss is recognized in the statements of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at reversal date.

#### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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



Advances to Contractors and Suppliers

Advances to contractors and suppliers represent cash advanced to contractors and suppliers which are liquidated through progress billings.

Input VAT

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

Property and Equipment

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

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

Depreciation commences when an asset is in its location and condition capable of being operated in the manner intended by management and ceases at the earlier of the date the assets are held for sale and the date the assets are derecognized. Depreciation of property and equipment is computed in a straight line basis over the estimated useful life of each property and equipment as follows:

Office Equipment	5 years
Transportation Equipment	5 years
Furnitures and Fixtures	5 years
Computer Software and Hardware	3 years
Health and Safety Equipment	3 years

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

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

Construction in progress represents structures under construction and is stated at cost. This includes cost of construction and other direct cost. Construction in progress is not depreciated until such time the relevant assets are completed and are available for use.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that its property and equipment may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the



carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

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

#### Capital Stock

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

#### Deficit

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

#### Basic/Diluted Losses Per Share

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

#### Revenue Recognition

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

##### *Interest income*

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

##### *Dividend income*

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

#### Expenses

Expenses are recognized in the statements of comprehensive income at the date they are incurred.



### Income Taxes

#### *Current tax*

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

#### *Deferred tax*

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

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

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

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

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

#### Provisions

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

#### Contingencies

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

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that



developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

#### Segment Reporting

The Company has only one reportable segment and is presented in Note 17 to the financial statements.

#### Events After the Reporting Date

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

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### 5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments, estimates and assumptions used are based on management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from the estimates and assumptions used. The effects of any change in estimates or assumptions are reflected in the financial statements when these become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Judgments

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

#### *Determination of functional currency*

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

#### *Classification of financial instruments*

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

#### *Recognition of deferred tax assets*

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



As of December 31, 2014 and 2013, no deferred tax assets on the Company's unused NOLCO and excess MCIT were recognized as management believes that the Company may not have sufficient future taxable income against which the excess MCIT and unused NOLCO may be applied (see Note 12).

#### Estimates and Assumptions

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

#### *Estimation of allowance for doubtful accounts*

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

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

The carrying value of receivables as of December 31, 2014 and 2013 are disclosed in Note 7 to the financial statements. No provision for doubtful accounts was recognized in 2014, 2013 and 2012.

#### *Estimation of the useful lives of property and equipment*

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

As of December 31, 2014 and 2013, the carrying value of property and equipment are disclosed in Note 9 to the financial statements.

#### *Impairment of nonfinancial assets*

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



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

*Recoverability of input VAT*

The Company assesses the recoverability of input VAT based on the estimated sale of services subject to VAT. Management has assessed that the recognized input VAT as of December 31, 2014 and 2013 are recoverable and are disclosed in Note 8 to the financial statements.

*Provisions*

The Company provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provision is based on known information at the reporting date, net of any estimated amount that may be reimbursed to the Company. No provisions were recognized as of December 31, 2014, 2013 and 2012.

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**6. Cash and Cash Equivalents**

This account consists of:

	2014	2013
Cash on hand	₱50,000	₱50,000
Cash in banks	115,625,883	65,613,458
Cash equivalents	175,308,250	1,148,806,223
	<b>₱290,984,133</b>	<b>₱1,214,469,681</b>

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

Interest income earned from bank deposits and time deposits aggregated to ₱9.9 million in 2014, ₱10.6 million in 2013 and ₱74,051 in 2012 (see Note 11).

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**7. Receivables**

This account consists of:

	2014	2013
Advances to related parties (see Note 13)	₱114,786,033	₱113,784,393
Advances to employees	14,077	200,000
Interest receivable	44,561	914,145
	<b>₱114,844,671</b>	<b>₱114,898,538</b>

Interest receivable consists of accrued interest income from time deposit.





## 8. Input VAT

This account consists of:

	2014	2013
Current	P193,158,618	P102,830,215
Deferred:		
Construction in progress	13,484,492	6,779,494
Others	84,755	143,481
	<u>13,569,247</u>	<u>6,922,975</u>
	<u>P206,727,865</u>	<u>P109,753,190</u>

## 9. Property and Equipment

	2014							Total
	Land	Furniture and Fixtures	Computer Software and Hardware	Office Equipment	Transportation Equipment	Health and Safety Equipment	Construction in Progress	
<b>Cost</b>								
Balance at beginning of year	P600,800,000	P14,866	P185,643	P36,464	P1,625,893	P-	P239,268,202	P841,931,068
Additions	-	83,271	510,021	40,179	-	11,607	891,055,270	891,700,348
Balance at end of year	600,800,000	98,137	695,664	76,643	1,625,893	11,607	1,130,323,472	1,733,631,416
<b>Accumulated depreciation</b>								
Balance at beginning of year	-	1,987	29,394	3,637	-	-	-	35,018
Additions	-	13,176	152,379	8,632	315,179	-	-	489,366
Balance at end of year	-	15,163	181,773	12,269	315,179	-	-	524,384
<b>Net book value</b>	<b>P600,800,000</b>	<b>P82,974</b>	<b>P513,891</b>	<b>P64,374</b>	<b>P1,310,714</b>	<b>P11,607</b>	<b>P1,130,323,472</b>	<b>P1,733,107,032</b>
	2013							Total
	Land	Furniture and Fixtures	Computer Software and Hardware	Office Equipment	Transportation Equipment	Health and Safety Equipment	Construction in Progress	
<b>Cost</b>								
Balance at beginning of year	P600,800,000	P-	P-	P-	P-	P-	P9,876,786	P610,676,786
Additions	-	14,866	185,643	36,464	1,625,893	-	229,391,416	231,254,282
Balance at end of year	600,800,000	14,866	185,643	36,464	1,625,893	-	239,268,202	841,931,068
<b>Accumulated depreciation</b>								
Balance at beginning of year	-	-	-	-	-	-	-	-
Additions	-	1,987	29,394	3,637	-	-	-	35,018
Balance at end of year	-	1,987	29,394	3,637	-	-	-	35,018
<b>Net book value</b>	<b>P600,800,000</b>	<b>P12,879</b>	<b>P156,249</b>	<b>P32,827</b>	<b>P1,625,893</b>	<b>P-</b>	<b>P239,268,202</b>	<b>P841,896,050</b>

Construction in progress pertains mainly to a development project in Manila (see Note 10).

The Company made advances to contractors and suppliers amounting to P145.7 million and P108.3 million in 2014 and 2013, respectively.



## 10. Accounts Payable and Other Current Liabilities

This account consists of:

	2014	2013
Accrued expenses	₱77,463,103	₱61,825,353
Accounts payable	73,014,660	6,922,602
Retention payable	54,970,705	12,660,676
Advances from an affiliate (see Note 13)	2,779,799	945,171
Withholding taxes payable	1,547,618	850,918
Accrued employee benefit	52,642	43,983
Other liabilities	72,366	84,053
	<b>₱209,900,893</b>	<b>₱83,332,756</b>

Accrued expenses are normally settled within the next financial year. As of December 31, 2014 and 2013, accrued expenses of the Company mainly pertain to unbilled construction cost incurred for the development project in Manila (see Note 9).

Accounts payable are noninterest-bearing and are normally settled within 30 days. Retention payable represents the portion of construction billings which will be paid upon satisfaction by the contractors of the conditions specified in the contracts or until defects have been corrected.

## 11. Interest Income

Interest income related to:

	2014	2013	2012
Cash and cash equivalents (see Note 6)	₱9,878,114	₱10,617,012	₱74,051
Due from related parties (see Note 13)	300,000	300,000	175,000
	<b>₱10,178,114</b>	<b>₱10,917,012</b>	<b>₱249,051</b>

## 12. Income Taxes

The provision for income tax consists of the following:

	2014	2013	2012
Current:			
Final	₱1,975,623	₱2,123,377	₱12,342
MCIT	6,000	6,000	3,500
	<b>₱1,981,623</b>	<b>₱2,129,377</b>	<b>₱15,842</b>

There were no deferred tax liabilities as of December 31, 2014, 2013 and 2012.



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

	2014	2013
NOLCO	₱111,969,064	₱81,905,184
Excess of MCIT over RCIT	15,500	52,853

As of December 31, 2014, the details of NOLCO and excess of MCIT over RCIT are as follows:

*NOLCO*

Year Incurred	Beginning Balance	Incurred	Expired	Ending Balance	Available Until
2011	₱1,989,528	₱-	₱1,989,528	₱-	2014
2012	39,774,256	-	-	39,774,256	2015
2013	40,141,400	-	-	40,141,400	2016
2014	-	32,053,407	-	32,053,407	2017
	<b>₱81,905,184</b>	<b>₱32,053,407</b>	<b>₱1,989,528</b>	<b>₱111,969,063</b>	

*MCIT*

Year Incurred	Beginning Balance	Incurred	Expired	Ending Balance	Available Until
2011	₱43,353	₱-	₱43,353	₱-	2014
2012	3,500	-	-	3,500	2015
2013	6,000	-	-	6,000	2016
2014	-	6,000	-	6,000	2017
	<b>₱52,853</b>	<b>₱6,000</b>	<b>₱43,353</b>	<b>₱15,500</b>	

The reconciliation of the Company's provision for income tax at the statutory tax rate of 30% to the provision for income tax shown in the statements of comprehensive income is as follows:

	2014	2013	2012
Income tax at statutory rate of 30%	(₱6,671,223)	(₱8,936,337)	(₱3,024,816)
Additions to (reductions in) income tax resulting from tax effects of:			
Movements in unrecognized deferred tax assets	8,981,811	11,415,632	11,948,118
Interest income subjected to final tax	(987,811)	(1,061,726)	(22,215)
Expired NOLCO and MCIT	640,211	632,788	-
Nondeductible expenses and others	18,635	79,020	13,996
Changes in fair value of held for trading securities subjected to final tax	-	-	(8,278,362)
Nontaxable dividend income	-	-	(620,879)
Provision for income tax	<b>₱1,981,623</b>	<b>₱2,129,377</b>	<b>₱15,842</b>



### 13. Related Party Transactions

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

#### Transactions with Related Parties

In the ordinary course of business, the Company has significant transactions with related parties as follows:

Entity	Relationship	Nature	2014		2013		Terms	Condition
			Amount	Receivable/ (Payable)	Amount	Receivable/ (Payable)		
Sierra Prime Properties Corporation (SPPC)	Affiliate	Cash advances	₱-	₱5,000,000	₱5,000,000	₱5,000,000	1 year, 6% per annum, interest bearing	Unsecured, unguaranteed
		Sale of assets and liabilities (see Note 16)	-	108,389,153	-	108,389,153	Non-interest bearing	Unsecured, unguaranteed
		Interest on Cash Advances	300,000	600,000	300,000	300,000	Non-interest bearing	Unsecured, unguaranteed
		Other advances	-	95,240	-	95,240	Non-interest bearing	Unsecured, unguaranteed
Manila Jockey Club, Inc. (MJCI)	Stockholder	Other advances	701,640	701,640	-	-	Non-interest bearing	Unsecured, unguaranteed
		Advances (see Note 10)	1,834,628	(2,779,799)	927,861	(945,171)	Non-interest bearing; due and demandable	Unsecured, unguaranteed
		Subscription of common shares (see Note 14)	-	42,808,835	10,736,014	42,808,835	Non-interest bearing; payable upon call	Unsecured, unguaranteed
MJC Forex Corporation (MFC)	Affiliate	Dollar purchases	10,118,008	-	23,996,707	-	On demand; non-interest bearing	Unsecured, no impairment
			₱154,815,069		₱155,648,057			

#### *Sierra Prime Properties Corporation (SPPC)*

In 2011, the Company extended an interest-bearing advances amounting to ₱5.0 million to SPPC for a period of one year with interest rate of 6% per annum. Interest income recognized in 2014, 2013 and 2012 amounted to ₱0.3 million, ₱0.3 million and ₱0.2 million, respectively (see Note 11). Noninterest-bearing receivable and interest receivable from SPPC amounting to ₱108.2 million and ₱0.2 million, respectively, pertains to the transfer of a group of assets and liabilities as part of the Memorandum of Agreement (MOA) signed July 24, 2008 in 2012 (see Note 16).



*MJC Forex Corporation*

The Company purchases dollars as payment to international service providers of design and consultancy related to the development project in Manila.

Key Management Personnel

Compensation of key management personnel of the Company amounted to ₱7.7 million, ₱7.1 million and ₱5.3 million in 2014, 2013 and 2012, respectively. The Company has no standard arrangement with regard to the remuneration of its directors. In 2014, 2013 and 2012, the BOD received director's fees aggregating ₱0.7 million, ₱0.8 million and ₱1.0 million, respectively.

**14. Equity**

The Company was listed with the PSE on November 11, 1955. As of December 31, 2014, the Company has an aggregate of 2,500,614,159 shares listed with the PSE and has a total of 452 shareholders on record.

Capital Stock

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

	2014		2013	
	Number of shares	Amount	Number of shares	Amount
Common shares - ₱1 par value				
Authorized - 5,000,000,000 shares in 2014 and 2013				
Issued and outstanding (held by 452 and 448 equity holders in 2014 and 2013, respectively)	2,309,601,064	₱2,309,601,064	2,309,601,064	₱2,309,601,064
Subscribed	191,013,095	191,013,095	191,013,095	191,013,095
Subscriptions receivable	-	(105,548,554)	-	(105,548,554)
	<u>2,500,614,159</u>	<u>₱2,395,065,605</u>	<u>2,500,614,159</u>	<u>₱2,395,065,605</u>

On January 23, 2009, MJCI executed a subscription agreement to subscribe to 107,360,137 shares out of the unissued portion of the authorized capital stock of the Company at the subscription price of ₱1.0 per share. In 2013, MJCI has paid ₱64.6 million representing the initial and partial payments of 60.13% of the subscription price. As of December 31, 2014, the remaining balance of ₱42.8 million is payable upon call of the BOD of the Company (see Note 16).

On January 16, 2013, the Company issued 600,800,000 shares from its authorized capital stock by virtue of the MOA between the Company and MJCI signed on July 24, 2008.

On January 17, 2013, the Company received from a group of strategic investors the amount of ₱450.0 million by subscription to 450,000,000 shares to be taken from the unsubscribed portion of the authorized capital stock at a subscription price of ₱1.0 per share. On July 20, 2013, the group of non-related strategic investors subscribed additional 73,500,000 shares of stock to be taken from the increase in the authorized capital stock which was paid in full in 2013.



On July 24, 2013, the Company received additional subscription for 73,898,168 shares from shareholders in which 18,658,450 shares are fully paid up. The subscribed balance of shares has related subscription receivables amounting to ₱55.2 million.

On October 3, 2013, the group of strategic investor subscribed to additional 875,000,000 shares at the subscription price of ₱1.0 per share that was paid in full. Additional subscription from non-related parties of 189,513,013 common shares at a subscription price of ₱1.0 per share was received and to be taken from the increase in the authorized capital stock which was also paid in full.

As of December 31, 2014, the subscription for 24,182,704 shares from shareholders in 2010 has a remaining subscription receivable amounting to ₱7.5 million.

In 2013, the documentary stamp tax on the issuance of capital stock amounting to ₱8.3 million was charged against "Retained Earnings" in the statement of changes in equity.

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#### 15. Basic/Diluted Losses Per Share

	2014	2013	2012
Loss for the year	(₱24,219,033)	(₱31,917,168)	(₱10,098,562)
Divided by weighted average number of outstanding common shares	2,500,614,159	1,565,430,468	237,902,978
Basic/diluted losses per share	(₱0.010)	(₱0.020)	(₱0.042)

The Company has no potential dilutive common shares as of December 31, 2014, 2013 and 2012. Therefore, the basic and diluted losses per share are the same as of those dates.

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#### 16. Property for Share Swap

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

- i. In order that MJCI shall have immediate control of the Company, MJCI shall subscribe to 107,360,137 shares of stock out of the unsubscribed portion of the Company's authorized capital stock;
- ii. MJCI shall transfer, convey and assign the Sta. Cruz property and the gaming machinery and equipment in exchange for shares of capital stock of the Company, exchange ratio shall be one share of the Company for every ₱1.0 zonal value of the Sta. Cruz property (Property for share exchange); and
- iii. Subscription shall result in the acquisition by MJCI of at least 90% of the outstanding capital stock of the Company.

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



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

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

On January 23, 2009, in accordance with the MOA, MJCI executed a subscription agreement to subscribe out of the unissued portion of the authorized capital stock of the Company at the subscription price of ₱1.0 per share for 107,360,137 shares, equivalent to 50.23% ownership in the Company, making MJCI the majority stockholder. In 2013, MJCI has paid ₱64.6 million representing 60.13% of the total subscription price. The remaining balance of ₱42.8 million is payable upon the call of the BOD of the Company (see Note 13 and Note 14).

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

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

On August 6, 2012, the Company transferred to SPPC the assets and liabilities enumerated below for a total consideration of ₱108.4 million, by virtue of the MOA dated July 24, 2008 (see Note 13).

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

*(a) In 2012, gain on fair value changes, prior to transfer in accordance with the MOA, amounted to ₱27.6 million.*

In addition, the Company received dividends on held for trading investments amounting to ₱2.1 million from MJCI on March 2012, which was recognized by the Company as "Dividend income" in the statements of comprehensive income. Further, in November 2012, the Company also received dividends pertaining to the transferred held for trading investments amounting to ₱2.1 million. The parties have agreed that the dividends on the held for trading investments aggregating ₱4.1 million is for the account of SPPC, and should form part of the net assets transferred, thus resulting to a loss by the transfer of ₱2.1 million presented as part of "Other expenses" in the statement of comprehensive income. The dividends on the held for trading investments was fully settled in January 2013.



On October 29, 2012, MJCI transferred 7,510 square meters of the Sta. Cruz property in exchange for 600.8 million common shares of the Company. The property transferred has a fair value of ₱600.8 million or ₱80,000 per square meter. The transaction is considered as a tax-free exchange under BIR certification in accordance with National Internal Revenue Code Section 40 (c) (2). In accordance with the BIR certification, the property for share exchange is not subject to income tax, capital gains tax, expanded withholding tax and donor's tax. The transaction, however, is subject to VAT and documentary stamp tax. The input VAT related to the land acquired amounted to ₱72.1 million is presented as part of "Input VAT" classified as current assets in the statement of financial position while the documentary stamp tax amounting to ₱3.0 million was charged against "Additional paid-in capital" and "Retained earnings" amounting to ₱2.5 million and ₱0.5 million, respectively, in the statements of changes in equity.

---

## 17. Operating Segment Information

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

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

### Segment Revenue and Expenses

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

	2014	2013
Segment revenue	₱10,178,114	₱10,917,012
Costs and expenses	32,415,524	40,704,803
Loss before income tax	(22,237,410)	(29,787,791)
Provision for income tax	1,981,623	2,129,377
Net loss	(₱24,219,033)	(₱31,917,168)

### Segment Assets and Liabilities and Other Information

The segment assets, liabilities and capital expenditures for the years ended December 31 are as follows:

	2014	2013
Assets	₱2,492,588,611	₱2,390,239,507
Liabilities	209,906,893	83,338,756
Capital expenditures	2,282,681,718	2,306,900,751
Interest income	10,178,114	10,917,012
Depreciation	489,366	35,018

---

## 18. Fair Value Measurement

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

There were no financial instruments carried at fair value as of December 31, 2014 and 2013.





## 19. Financial Risk Management Objectives and Policies

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

### Credit Risk

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

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

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

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

	2014	2013
Loans and receivables:		
Cash and cash equivalents*	P290,934,133	P1,214,419,681
Receivables	114,844,671	114,898,538
	<b>P405,778,804</b>	<b>P1,329,318,219</b>

\*Excluding cash on hand amounting to P50,000.

At December 31, the following tables provide credit information and maximum exposure of the Company's financial assets:

	2014		Total
	Standard Grade	Past Due but not Impaired	
Loans and receivables:			
Cash and cash equivalents*	P290,934,133	P-	P290,934,133
Receivables	114,844,671	-	114,844,671
	<b>P405,778,804</b>	<b>P-</b>	<b>P405,778,804</b>

\*Excluding cash on hand amounting to P50,000.

	2013		Total
	Standard Grade	Past Due but not Impaired	
Loans and receivables:			
Cash and cash equivalents*	P1,214,419,681	P-	P1,214,419,681
Receivables	114,898,538	-	114,898,538
	<b>P1,329,318,219</b>	<b>P-</b>	<b>P1,329,318,219</b>

\*Excluding cash on hand amounting to P50,000.



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

*Cash and cash equivalents*

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

*Receivables*

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

Liquidity Risk

Liquidity risk is defined as the risk that the Company would not be able to settle or meet its obligations on time or at a reasonable price. The Company's objective is to maintain a balance between continuity of funding and flexibility by regularly evaluating its projected and actual cash flows and through the use of bank loans and extension of suppliers' credit terms. The Company maximizes the net cash inflows from operations to finance its working capital requirements. The tables below summarize the maturity profile of the Company's financial liabilities as of December 31 based on contractual undiscounted payments (principal and interest).

	2014			Total
	Due and Demandable	> 1 month	> 3 months but < 1 year	
Accounts payable and other current liabilities*	₱2,779,799	₱205,573,476	₱-	₱208,353,275

\*Amounts are exclusive of nonfinancial liabilities amounting to ₱1,547,618 as of December 31, 2014.

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

\*Amounts are exclusive of nonfinancial liabilities amounting to ₱850,918 as of December 31, 2013.

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

	2014			Total
	Due and Demandable	> 1 month	> 3 months but < 1 year	
Loans and receivables:				
Cash and cash equivalents*	₱290,934,133	₱-	₱-	₱290,934,133
Receivables	114,844,671	-	-	114,844,671
<b>Total</b>	<b>₱405,778,804</b>	<b>₱-</b>	<b>₱-</b>	<b>₱405,778,804</b>

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



	2013			
	Due and Demandable	> 1 month	> 3 months but < 1 year	Total
Loans and receivables:				
Cash and cash equivalents*	₱1,214,419,681	₱-	₱-	₱1,214,419,681
Receivables	114,898,538	-	-	114,898,538
<b>Total</b>	<b>₱1,329,318,219</b>	<b>₱-</b>	<b>₱-</b>	<b>₱1,329,318,219</b>

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

## 20. Capital Management

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

The Company considers its total equity amounting to ₱2.3 billion as its capital as of December 31, 2014 and 2013.

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

## 21. Events After the Reporting Date

### 21.1. Additional Subscription of Strategic Investors

On January 14, 2015, the Company received from a group of strategic investors the amount of ₱673.8 million by subscription to 673,791,662 shares to be taken from the unsubscribed portion of the authorized capital stock at a subscription price of ₱1.0 per share.

### 21.2. PEZA Registration

On February 10, 2015, the registration as an Ecozone Tourist Enterprise for the development and operation of tourist, leisure and entertainment facilities is already approved by Philippine Economic Zone Authority (PEZA). The project shall be entitled only to tax and duty-free importation and zero-VAT rating on local purchases of capital equipment.

## 22. Other Matters

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

As of April 13, 2015, the permit to operate is still pending with PAGCOR for reconfirmation.



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

On November 25, 2010, the BIR issued RR 15-2010 to amend certain provisions of RR 21-2002 prescribing the matter of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements accompanying the tax returns. It requires the disclosure of taxes, duties and licenses paid or accrued during the year.

The company also reported and/or paid the following types of taxes for the year ended December 31, 2014.

- a. The Company has no sales/receipts in 2014 that are subject to VAT.
- b. The following table shows the sources of input VAT claimed:

Balance at beginning of the year	P102,830,215
Purchases of:	
Goods other than for resale	24,118,489
Services lodged under other accounts	66,133,803
<u>Balance at end of the year</u>	<u>P193,082,507</u>

- c. Other taxes and licenses

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

Kind of Tax	Official Receipt Number	Amount
Building permit	01-2014-001123-R <sup>n</sup>	P21,312
Business permit	9833901	16,030
Documentary stamp tax	Various	4,748
Local government tax	Various	1,255
Community tax certificate	CCC201200216942	860
Others	Various	2,500
<u>Total</u>		<u>P46,705</u>

The Company did not have any importations or purchases of any products subject to excise tax.

- a. Details of the Company's withholding taxes in 2014 are as follows:

Expanded withholding taxes	P13,108,023
Withholding taxes on compensation	4,128,766
<u>Total</u>	<u>P17,236,789</u>

- b. Tax contingencies

- i. The Company has no deficiency tax assessments as of December 31, 2014.
- ii. The Company has no tax cases, litigation and/or prosecution in courts or bodies outside the BIR as of December 31, 2014.

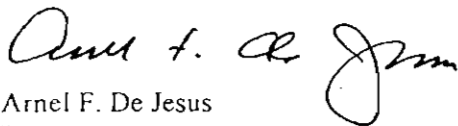


## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors  
MJC Investments Corporation  
12<sup>th</sup> Floor Strata 100 Building  
F. Ortigas Jr. Road, Ortigas Center,  
Pasig City

We have audited in accordance with Philippine Standards on Auditing, the accompanying financial statements of MJC Investments Corporation as at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014 included in this Form 17-A and have issued our report thereon dated April 13, 2015. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the management of MJC Investments Corporation. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Arnel F. De Jesus  
Partner  
CPA Certificate No. 43285  
SEC Accreditation No. 0075-AR-3 (Group A),  
February 14, 2013, valid until February 13, 2016  
Tax Identification No. 152-884-385  
BIR Accreditation No. 08-001998-15-2012,  
June 19, 2012, valid until June 18, 2015  
PTR No. 4751272, January 5, 2015, Makati City

April 13, 2015

**MJC INVESTMENTS CORPORATION**

Schedule A. Financial Assets  
December 31, 2014

Financial Assets	Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Valued Based on Market Quotation at End of Reporting Period	Income Received and Accrued
Loans and Receivables					
Cash and Cash Equivalents		-	P290,984,133	-	-
Receivables		-	114,844,671	-	-
<b>Total</b>			<b>P405,828,804</b>		

**MJC INVESTMENTS CORPORATION**

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	Deductions		Current	Not Current	Balance at End of Period
			Amounts Collected	Amounts Written Off			
Sierra Prime Properties Corporation	P113,784,393	P300,000	-	-	P114,084,393	-	P114,084,393
Manila Jockey Club, Inc.	-	701,640	-	-	701,640	-	701,640
Advances to Employee	-	14,077	-	-	14,077	-	14,077
	P113,784,393	P1,015,717			P114,800,110		P114,800,110

**MJC INVESTMENTS CORPORATION**

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

December 31, 2014

Name of Debtor	Designation of debtor	Balance at the Beginning of the Period	Additions	Deductions		Current	Not Current	Balance at End of Period
				Amounts Collected	Amounts Written Off			

**Not Applicable**



**MJC INVESTMENTS CORPORATION**

Schedule D. Intangible Assets - Other Assets

December 31, 2014

Description	Beginning Balance	Additions at Cost	Charged to Cost and Expenses	Charged to Other Accounts	Other Changes Additions / (Deductions)	Ending Balance
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**Not Applicable**

**MJC INVESTMENTS CORPORATION**

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						Maturity Date
			Amount - Long-Term	Interest Rate			No. of Periodic Installment	Amount of Periodic Installment	
				Low	High	Average			
<b>Not Applicable</b>									

**MJC INVESTMENTS CORPORATION**

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
<b>Not Applicable</b>		

**MJC INVESTMENTS CORPORATION**

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 this Statement is Filed	Nature of Guarantee
--	---	---	--	---------------------

**Not Applicable**

MJC INVESTMENTS CORPORATION

Schedule H. Capital Stock

December 31, 2014

Title of issue	Number of shares authorized	Number of shares issued and outstanding and shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common Stock	5,000,000,000	2,500,614,159	-	-	14,302,725	2,486,311,434

**MJC INVESTMENTS CORPORATION**

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

December 31, 2014

Name of Creditor	Designation of Creditor	Balance at the Beginning of the Period	Additions	Deductions		Current	Not Current	Balance at End of Period
				Amounts Paid	Others			

**Not Applicable**

**MJC INVESTMENTS CORPORATION**

Schedule J.

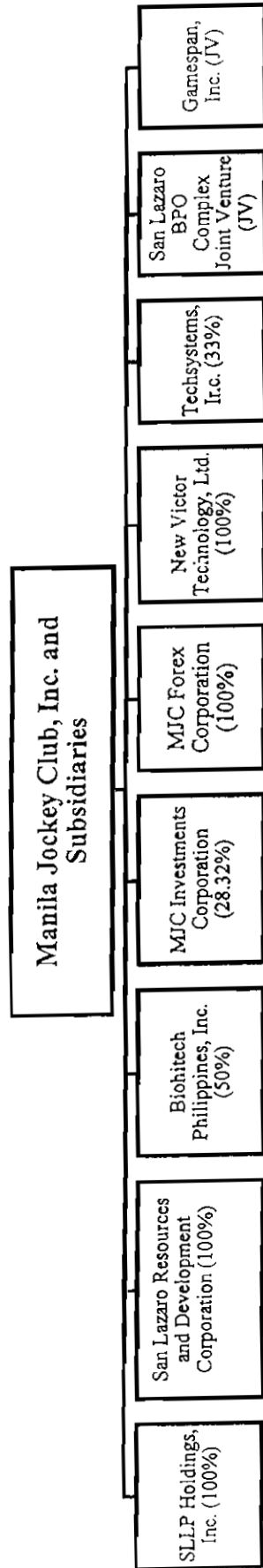
Parent Company Retained Earnings Available for Dividend Declaration  
December 31, 2014

	Amount
Unappropriated parent company retained earnings, beginning	
Reconciliation:	
Add (Less):	
Unrealized foreign exchange loss-net	
Deferred tax assets	
Mark-to-market gain on derivatives	
Issuance of treasury shares	
Parent company net income actually earned/realized during the period	
Less:	
Non-actual/unrealized income net of tax:	
Unrealized actuarial gain	
Mark -to-market gain on derivatives	
Parent company net income actually earned/realized during the period	
Add (Less):	
Dividend declaration during the period	
Appropriation of retained earnings	
Issuance of treasury shares	
Unappropriated parent company retained earnings, as adjusted, ending	

NOT APPLICABLE

**MJC INVESTMENTS CORPORATION**

Schedule K.  
Map of Affiliates  
December 31, 2014





**MJC INVESTMENTS CORPORATION**

**SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS AS OF DECEMBER 31, 2014**

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of PFRS	✓		
	PFRS 1 and Philippine Accounting Standards (PAS) 27 (Amendments) - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	PFRS 1 (Amendments) - Additional Exemptions for First-time Adopters			✓
	PFRS 1 (Amendments) - Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	PFRS 1 (Amendments) - Severe Hyperinflation and Removal of Fixed Date of First-time Adopters			✓
	PFRS 1 (Amendments) - Government Loans			✓
PFRS 2	Share-based Payment			✓
	PFRS 2 (Amendments) - Vesting Conditions and Cancellations			✓
	PFRS 2 (Amendments) - Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	PAS 39 and PFRS 4 (Amendments) - Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	PAS 39 and PFRS 7 (Amendments) - Reclassification of Financial Assets - Effective Date and Transition			✓
	PFRS 7 (Amendments) - Improving Disclosures about Financial Instruments	✓		
	PFRS 7 (Amendments) - Disclosures - Transfers of Financial Assets			✓
	PFRS 7 (Amendments) - Offsetting Financial Assets and Financial Liabilities			✓
	PFRS 7 (Amendments) - Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not early adopted		
PFRS 8	Operating Segments	✓		
PFRS 9(2014)	Financial Instruments	Not early adopted		
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Investment Entities			✓
	PFRS10 (Amendments) - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not early adopted		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 11: Investment Entities	Not early adopted		
PFRS 12	Disclosure of Interests in Other Entities			✓
	PFRS 12 (Amendments) - Investment Entities			✓
PFRS 13	Fair Value Measurement	✓		
<b>Philippine Accounting Standards</b>				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	PAS 32 and PAS 1 (Amendments) - Puttable Financial Instruments and Obligations Arising from Liquidation			✓
	PAS 1 (Amendments) - Presentation of Items of Other Comprehensive Income			✓
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
PAS 16	Property, Plant and Equipment	✓		
	PAS 16 (Amendments) - Clarification of Acceptable Methods of Depreciation and Amortization	Not early adopted		
	PAS 16 (Amendments) - Bearer Plant	Not early adopted		
PAS 17	Leases			✓
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits			✓
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PAS 27: Investment Entities			✓
	PAS 27 (Amendments) - Equity Method in Separate Financial Statements	Not early adopted		
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	PAS 28 (Amendments) - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets			✓
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Amendment to PAS 40: Investment Property	Not early adopted		
PAS 41	Agriculture			✓
	PAS 41 (Amendments) - Bearer Plants			✓
<b>Philippine Interpretations</b>				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	<i>Determining Whether an Arrangement Contains a Lease</i>			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	<i>Liabilities arising from Participating in a Specific Market - Waste</i>			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
IFRIC 7	<i>Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies</i>			✓
IFRIC 8	<i>Scope of PFRS 2</i>			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	<i>Interim Financial Reporting and Impairment</i>			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estate			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓
<b>Annual Improvements to PFRSs (2010-2012 Cycle)</b>				
PAS 16	Property, Plant and Equipment - <i>Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization</i>	NOT EARLY ADOPTED		
PAS 38	Intangible Assets - <i>Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization</i>	NOT EARLY ADOPTED		
PAS 24	Related Party Disclosures - <i>Key Management Personnel</i>	NOT EARLY ADOPTED		
PFRS 2	Share-based Payment - <i>Definition of Vesting Condition</i>	NOT EARLY ADOPTED		
PFRS 3	Business Combinations - <i>Accounting for Contingent Consideration in a Business Combination</i>	NOT EARLY ADOPTED		
PFRS 8	Operating Segments - <i>Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the</i>	NOT EARLY ADOPTED		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
<b>Annual Improvements to PFRSs (2011-2013 Cycle)</b>				
PAS 40	Investment Property	NOT EARLY ADOPTED		
PFRS 3	Business Combinations - <i>Scope Exceptions for Joint Arrangements</i>	NOT EARLY ADOPTED		
PFRS 13	Fair Value Measurement - <i>Portfolio Exception</i>	NOT EARLY ADOPTED		
<b>Annual Improvements to PFRSs (2012-2014 Cycle)</b>				
PAS 19	Employee Benefits - <i>Regional Market Issue Regarding Discount Rate</i>	NOT EARLY ADOPTED		
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations - <i>Changes in Methods of Disposal</i>	NOT EARLY ADOPTED		
PFRS 7	Financial Instruments: Disclosures - <i>Servicing Contracts</i>	NOT EARLY ADOPTED		

**MJC INVESTMENTS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

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**I. Corporate Information**

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

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

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

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

The registered office address of the Company is 12<sup>th</sup> Floor Strata 100 Building F, Ortigas Jr. Road, Ortigas Center, Pasig City.

The financial statements of the Company were approved and authorized for issue by the Board of Directors (BOD) on April 13, 2015.

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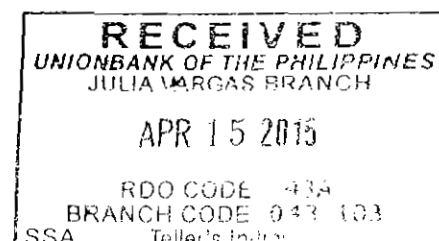
**2. Basis of Preparation and Statement of Compliance**

Basis of Preparation

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

Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).



### 3. Summary of Significant Changes in Accounting Policies and Disclosures

#### *New and amended standards and interpretation*

The Company applied for the first time certain standards and interpretation, which are effective for annual periods beginning on or after January 1, 2014. Except when otherwise indicated, these standards and interpretation have no impact on the Company's financial position, performance and/or disclosures:

- *PAS 32, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendments)*  
These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively.
- *PAS 36, Impairment of Assets - Recoverable Amount Disclosures for Nonfinancial Assets (Amendments)*  
These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period.
- *PAS 39, Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendments)*  
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required.
- *Investment Entities (Amendments to PFRS 10, Consolidated Financial Statements, PFRS 12, Disclosure of Interests in Other Entities and PAS 27, Separate Financial Statements)*  
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss (FVPL). The amendments must be applied retrospectively, subject to certain transition relief.
- *Philippine Interpretation of IFRIC 21, Levies*  
Philippine Interpretation of IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for this interpretation.
- *Annual Improvements to PFRSs (2010-2012 cycle)*  
In the 2010 - 2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13, *Fair Value Measurement*. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no impact on the Company.
- *Annual Improvements to PFRSs (2011-2013 cycle)*  
In the 2011 - 2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - First-time Adoption of PFRS*. The amendment to PFRS 1 is effective

immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Company as it is not a first time PFRS adopter.

#### Standards Issued but not yet Effective

The Company will adopt the following new and amended standards and interpretations when these become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended standards and interpretations to have significant impact on the financial statements.

#### *Effective in 2015*

- PAS 19 (Amendments), *Employee Benefits - Defined Benefit Plans: Employee Contributions* (effective for annual periods beginning on or after January 1, 2015 and are applied retrospectively)  
PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

Annual Improvements to PFRSs (2010-2012 Cycle) (effective for annual periods beginning on or after January 1, 2015)

These annual improvements include:

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*  
The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.
- PAS 24, *Related Party Disclosures - Key Management Personnel*  
The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.
- PFRS 2, *Share-based Payment - Definition of Vesting Condition*  
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  - A performance condition must contain a service condition.
  - A performance target must be met while the counterparty is rendering service.
  - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same company.
  - A performance condition may be a market or non-market condition.
  - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.



- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*  
The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at FVPL whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement*.
- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*  
The amendments are applied retrospectively and clarify that:
  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

Annual Improvements to PFRSs (2011-2013 Cycle) (effective for annual periods beginning on or after January 1, 2015)

These annual improvements include:

- PAS 40, *Investment Property*  
The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).
- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*  
The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.
- PFRS 13, *Fair Value Measurement - Portfolio Exception*  
The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

*Effective in 2016*

- PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets (Amendments) - Clarification of Acceptable Methods of Depreciation and Amortization* (effective for annual periods beginning on or after January 1, 2016 and are applied prospectively)  
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a

revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

- PAS 16, *Property, Plant and Equipment* and PAS 41, *Agriculture (Amendments) - Bearer Plants* (effective for annual periods beginning on or after January 1, 2016 and are applied retrospectively)  
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply.
- PAS 27 (Amendments), *Separate Financial Statements - Equity Method in Separate Financial Statements* (effective for annual periods beginning on or after January 1, 2016 and are applied retrospectively)  
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective for annual periods beginning on or after January 1, 2016 and are applied retrospectively)  
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- PFRS 11 (Amendments), *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (effective for annual periods beginning on or after January 1, 2016 and are applied prospectively)  
The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.

Annual Improvements to PFRSs (2012-2014 Cycle) (effective for annual periods beginning on or after January 1, 2016)

These annual improvements include:

- *PAS 19, Employee Benefits - Regional Market Issue Regarding Discount Rate*  
This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- *PFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*  
The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
- *PFRS 7, Financial Instruments: Disclosures - Servicing Contracts*  
PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

#### *Effective in 2018*

- *PFRS 9, Financial Instruments* (effective for annual periods beginning on or after January 1, 2018 and are applied retrospectively)  
In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Company's financial liabilities. The Company is currently assessing the impact of adopting this standard.

#### *Interpretation whose effective date was deferred*

- *Philippine Interpretation of IFRIC 15, Agreements for the Construction of Real Estate*  
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Philippine SEC and the Financial Reporting Standards Council<sup>1</sup> (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard is

*Standard issued by the IASB but not yet been adopted by the FRSC*

- *IFRIC 15, Revenue from Contracts with Customers*  
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted.

The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

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#### 4. Summary of Significant Accounting and Financial Reporting Policies

##### Financial Assets and Financial Liabilities

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

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

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

Financial assets are classified into the following categories:

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

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

- Financial liabilities at FVPL
- Other financial liabilities

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

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

#### *Loans and receivables*

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

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

Included in this category are the Company's cash and cash equivalents and receivables as of December 31, 2014 and 2013.

#### *Other financial liabilities*

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

Included in this category are the Company's accounts payable and other current liabilities as of December 31, 2014 and 2013.

#### Derecognition of Financial Assets and Financial Liabilities

##### *Financial assets*

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

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

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

##### *Financial liabilities*

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

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

#### Day 1 Difference

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

#### Offsetting Financial Instruments

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

#### Impairment of Financial Assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

#### *Assets carried at amortized cost*

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in statements of comprehensive income. Interest income continues to be accrued on the reduced carrying amount based on the original EIR of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an

increased or reduced by adjusting the allowance for impairment losses account. If a future write-off is later recovered, the recovery is recognized in the statements of comprehensive income. Any subsequent reversal of an impairment loss is recognized in the statements of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at reversal date.

#### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

Advances to Contractors and Suppliers

Advances to contractors and suppliers represent cash advanced to contractors and suppliers which are liquidated through progress billings.

Input VAT

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

Property and Equipment

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

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

Depreciation commences when an asset is in its location and condition capable of being operated in the manner intended by management and ceases at the earlier of the date the assets are held for sale and the date the assets are derecognized. Depreciation of property and equipment is computed in a straight line basis over the estimated useful life of each property and equipment as follows:

Office Equipment	5 years
Transportation Equipment	5 years
Furnitures and Fixtures	5 years
Computer Software and Hardware	3 years
Health and Safety Equipment	3 years

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

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

Construction in progress represents structures under construction and is stated at cost. This includes cost of construction and other direct cost. Construction in progress is not depreciated until such time the relevant assets are completed and are available for use.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that its property and equipment may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not



carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

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

#### Capital Stock

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

#### Deficit

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

#### Basic/Diluted Losses Per Share

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

#### Revenue Recognition

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

##### *Interest income*

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

##### *Dividend income*

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

#### Expenses

Expenses are recognized in the statements of comprehensive income at the date they are incurred.

### Income Taxes

#### *Current tax*

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

#### *Deferred tax*

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

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

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

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

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

### Provisions

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

### Contingencies

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

Contingent assets are not recognized in the financial statements but are disclosed when an inflow

developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

#### Segment Reporting

The Company has only one reportable segment and is presented in Note 17 to the financial statements.

#### Events After the Reporting Date

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

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### 5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments, estimates and assumptions used are based on management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from the estimates and assumptions used. The effects of any change in estimates or assumptions are reflected in the financial statements when these become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Judgments

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

#### *Determination of functional currency*

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

#### *Classification of financial instruments*

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

#### *Recognition of deferred tax assets*

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

As of December 31, 2014 and 2013, no deferred tax assets on the Company's unused NOLCO and excess MCIT were recognized as management believes that the Company may not have sufficient future taxable income against which the excess MCIT and unused NOLCO may be applied (see Note 12).

#### Estimates and Assumptions

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

#### *Estimation of allowance for doubtful accounts*

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

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

The carrying value of receivables as of December 31, 2014 and 2013 are disclosed in Note 7 to the financial statements. No provision for doubtful accounts was recognized in 2014, 2013 and 2012.

#### *Estimation of the useful lives of property and equipment*

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

As of December 31, 2014 and 2013, the carrying value of property and equipment are disclosed in Note 9 to the financial statements.

#### *Impairment of nonfinancial assets*

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

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

*Recoverability of input VAT*

The Company assesses the recoverability of input VAT based on the estimated sale of services subject to VAT. Management has assessed that the recognized input VAT as of December 31, 2014 and 2013 are recoverable and are disclosed in Note 8 to the financial statements.

*Provisions*

The Company provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provision is based on known information at the reporting date, net of any estimated amount that may be reimbursed to the Company. No provisions were recognized as of December 31, 2014, 2013 and 2012.

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**6. Cash and Cash Equivalents**

This account consists of:

	2014	2013
Cash on hand	P50,000	P50,000
Cash in banks	115,625,883	65,613,458
Cash equivalents	175,308,250	1,148,806,223
	<b>P290,984,133</b>	<b>P1,214,469,681</b>

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

Interest income earned from bank deposits and time deposits aggregated to P9.9 million in 2014, P10.6 million in 2013 and P74,051 in 2012 (see Note 11).

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**7. Receivables**

This account consists of:

	2014	2013
Advances to related parties (see Note 13)	P114,786,033	P113,784,393
Advances to employees	14,077	200,000
Interest receivable	44,561	914,145
	<b>P114,844,671</b>	<b>P114,898,538</b>

Interest receivable consists of accrued interest income from time deposit.



## 10. Accounts Payable and Other Current Liabilities

This account consists of:

	2014	2013
Accrued expenses	P77,463,103	P61,825,353
Accounts payable	73,014,660	6,922,602
Retention payable	54,970,705	12,660,676
Advances from an affiliate (see Note 13)	2,779,799	945,171
Withholding taxes payable	1,547,618	850,918
Accrued employee benefit	52,642	43,983
Other liabilities	72,366	84,053
	<b>P209,900,893</b>	<b>P83,332,756</b>

Accrued expenses are normally settled within the next financial year. As of December 31, 2014 and 2013, accrued expenses of the Company mainly pertain to unbilled construction cost incurred for the development project in Manila (see Note 9).

Accounts payable are noninterest-bearing and are normally settled within 30 days. Retention payable represents the portion of construction billings which will be paid upon satisfaction by the contractors of the conditions specified in the contracts or until defects have been corrected.

## 11. Interest Income

Interest income related to:

	2014	2013	2012
Cash and cash equivalents (see Note 6)	P9,878,114	P10,617,012	P74,051
Due from related parties (see Note 13)	300,000	300,000	175,000
	<b>P10,178,114</b>	<b>P10,917,012</b>	<b>P249,051</b>

## 12. Income Taxes

The provision for income tax consists of the following:

	2014	2013	2012
Current:			
Final	P1,975,623	P2,123,377	P12,342
MCIT	6,000	6,000	3,500
	<b>P1,981,623</b>	<b>P2,129,377</b>	<b>P15,842</b>

There were no deferred tax liabilities as of December 31, 2014, 2013 and 2012.

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

	2014	2013
NOLCO	P111,969,064	P81,905,184
Excess of MCIT over RCIT	15,500	52,853

As of December 31, 2014, the details of NOLCO and excess of MCIT over RCIT are as follows:

*NOLCO*

Year Incurred	Beginning Balance	Incurred	Expired	Ending Balance	Available Until
2011	P1,989,528	P-	P1,989,528	P-	2014
2012	39,774,256	-	-	39,774,256	2015
2013	40,141,400	-	-	40,141,400	2016
2014	-	32,053,407	-	32,053,407	2017
	<u>P81,905,184</u>	<u>P32,053,407</u>	<u>P1,989,528</u>	<u>P111,969,063</u>	

*MCIT*

Year Incurred	Beginning Balance	Incurred	Expired	Ending Balance	Available Until
2011	P43,353	P-	P43,353	P-	2014
2012	3,500	-	-	3,500	2015
2013	6,000	-	-	6,000	2016
2014	-	6,000	-	6,000	2017
	<u>P52,853</u>	<u>P6,000</u>	<u>P43,353</u>	<u>P15,500</u>	

The reconciliation of the Company's provision for income tax at the statutory tax rate of 30% to the provision for income tax shown in the statements of comprehensive income is as follows:

	2014	2013	2012
Income tax at statutory rate of 30%	(P6,671,223)	(P8,936,337)	(P3,024,816)
Additions to (reductions in) income tax resulting from tax effects of:			
Movements in unrecognized deferred tax assets	8,981,811	11,415,632	11,948,118
Interest income subjected to final tax	(987,811)	(1,061,726)	(22,215)
Expired NOLCO and MCIT	640,211	632,788	-
Nondeductible expenses and others	18,635	79,020	13,996
Changes in fair value of held for trading securities subjected to final tax	-	-	(8,278,362)
Nontaxable dividend income	-	-	(620,879)
Provision for income tax	<u>P1,981,623</u>	<u>P2,129,377</u>	<u>P15,842</u>



### 13. Related Party Transactions

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

#### Transactions with Related Parties

In the ordinary course of business, the Company has significant transactions with related parties as follows:

Entity	Relationship	Nature	2014		2013		Terms	Condition
			Amount	Receivable/ (Payable)	Amount	Receivable/ (Payable)		
Sierra Prime Properties Corporation (SPPC)	Affiliate	Cash advances	₱-	₱5,000,000	₱5,000,000	₱5,000,000	1 year, 6% per annum, interest bearing	Unsecured, unguaranteed
		Sale of assets and liabilities (see Note 16)	-	108,389,153	-	108,389,153	Non-interest bearing	Unsecured, unguaranteed
		Interest on Cash Advances	300,000	600,000	300,000	300,000	Non-interest bearing	Unsecured, unguaranteed
Manila Jockey Club, Inc. (MJCI)	Stockholder	Other advances	-	95,240	-	95,240	Non-interest bearing	Unsecured, unguaranteed
		Other advances	701,640	701,640	-	-	Non-interest bearing	Unsecured, unguaranteed
		Advances (see Note 10)	1,834,628	(2,779,799)	927,861	(945,171)	Non-interest bearing; due and demandable	Unsecured, unguaranteed
		Subscription of common shares (see Note 14)	-	42,808,835	10,736,014	42,808,835	Non-interest bearing; payable upon call	Unsecured, unguaranteed
MJC Forex Corporation (MFC)	Affiliate	Dollar purchases	10,118,008	-	23,996,707	-	On demand; non-interest bearing	Unsecured, no impairment
			₱154,815,069		₱155,648,057			

#### Sierra Prime Properties Corporation (SPPC)

In 2011, the Company extended an interest-bearing advances amounting to ₱5.0 million to SPPC for a period of one year with interest rate of 6% per annum. Interest income recognized in 2014, 2013 and 2012 amounted to ₱0.3 million, ₱0.3 million and ₱0.2 million, respectively (see Note 11). Noninterest-bearing receivable and interest receivable from SPPC amounting to ₱108.2 million and ₱0.2 million, respectively, pertains to the transfer of a group of assets and liabilities as part of the Memorandum of Agreement (MOA) signed July 24, 2008 in 2012 (see Note 16).

*MJC Forex Corporation*

The Company purchases dollars as payment to international service providers of design and consultancy related to the development project in Manila.

Key Management Personnel

Compensation of key management personnel of the Company amounted to ₱7.7 million, ₱7.1 million and ₱5.3 million in 2014, 2013 and 2012, respectively. The Company has no standard arrangement with regard to the remuneration of its directors. In 2014, 2013 and 2012, the BOD received director's fees aggregating ₱0.7 million, ₱0.8 million and ₱1.0 million, respectively.

**14. Equity**

The Company was listed with the PSE on November 11, 1955. As of December 31, 2014, the Company has an aggregate of 2,500,614,159 shares listed with the PSE and has a total of 452 shareholders on record.

Capital Stock

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

	2014		2013	
	Number of shares	Amount	Number of shares	Amount
Common shares - ₱1 par value				
Authorized - 5,000,000,000 shares in 2014 and 2013				
Issued and outstanding (held by 452 and 448 equity holders in 2014 and 2013, respectively)	2,309,601,064	₱2,309,601,064	2,309,601,064	₱2,309,601,064
Subscribed	191,013,095	191,013,095	191,013,095	191,013,095
Subscriptions receivable	-	(105,548,554)	-	(105,548,554)
	<b>2,500,614,159</b>	<b>₱2,395,065,605</b>	<b>2,500,614,159</b>	<b>₱2,395,065,605</b>

On January 23, 2009, MJCI executed a subscription agreement to subscribe to 107,360,137 shares out of the unissued portion of the authorized capital stock of the Company at the subscription price of ₱1.0 per share. In 2013, MJCI has paid ₱64.6 million representing the initial and partial payments of 60.13% of the subscription price. As of December 31, 2014, the remaining balance of ₱42.8 million is payable upon call of the BOD of the Company (see Note 16).

On January 16, 2013, the Company issued 600,800,000 shares from its authorized capital stock by virtue of the MOA between the Company and MJCI signed on July 24, 2008.

On January 17, 2013, the Company received from a group of strategic investors the amount of ₱450.0 million by subscription to 450,000,000 shares to be taken from the unsubscribed portion of the authorized capital stock at a subscription price of ₱1.0 per share. On July 20, 2013, the group of non-related strategic investors subscribed additional 73,500,000 shares of stock to be taken from the increase in the authorized capital stock which was paid in full in 2013.

On July 24, 2013, the Company received additional subscription for 73,898,168 shares from shareholders in which 18,658,450 shares are fully paid up. The subscribed balance of shares has related subscription receivables amounting to ₱55.2 million.

On October 3, 2013, the group of strategic investor subscribed to additional 875,000,000 shares at the subscription price of ₱1.0 per share that was paid in full. Additional subscription from non-related parties of 189,513,013 common shares at a subscription price of ₱1.0 per share was received and to be taken from the increase in the authorized capital stock which was also paid in full.

As of December 31, 2014, the subscription for 24,182,704 shares from shareholders in 2010 has a remaining subscription receivable amounting to ₱7.5 million.

In 2013, the documentary stamp tax on the issuance of capital stock amounting to ₱8.3 million was charged against "Retained Earnings" in the statement of changes in equity.

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#### 15. Basic/Diluted Losses Per Share

	2014	2013	2012
Loss for the year	(₱24,219,033)	(₱31,917,168)	(₱10,098,562)
Divided by weighted average number of outstanding common shares	2,500,614,159	1,565,430,468	237,902,978
Basic/diluted losses per share	(₱0.010)	(₱0.020)	(₱0.042)

The Company has no potential dilutive common shares as of December 31, 2014, 2013 and 2012. Therefore, the basic and diluted losses per share are the same as of those dates.

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#### 16. Property for Share Swap

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

- i. In order that MJCI shall have immediate control of the Company, MJCI shall subscribe to 107,360,137 shares of stock out of the unsubscribed portion of the Company's authorized capital stock;
- ii. MJCI shall transfer, convey and assign the Sta. Cruz property and the gaming machinery and equipment in exchange for shares of capital stock of the Company, exchange ratio shall be one share of the Company for every ₱1.0 zonal value of the Sta. Cruz property (Property for share exchange); and
- iii. Subscription shall result in the acquisition by MJCI of at least 90% of the outstanding capital stock of the Company.

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

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

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

On January 23, 2009, in accordance with the MOA, MJCI executed a subscription agreement to subscribe out of the unissued portion of the authorized capital stock of the Company at the subscription price of ₱1.0 per share for 107,360,137 shares, equivalent to 50.23% ownership in the Company, making MJCI the majority stockholder. In 2013, MJCI has paid ₱64.6 million representing 60.13% of the total subscription price. The remaining balance of ₱42.8 million is payable upon the call of the BOD of the Company (see Note 13 and Note 14).

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

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

On August 6, 2012, the Company transferred to SPPC the assets and liabilities enumerated below for a total consideration of ₱108.4 million, by virtue of the MOA dated July 24, 2008 (see Note 13).

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

*(a) In 2012, gain on fair value changes, prior to transfer in accordance with the MOA, amounted to ₱27.6 million.*

In addition, the Company received dividends on held for trading investments amounting to ₱2.1 million from MJCI on March 2012, which was recognized by the Company as "Dividend income" in the statements of comprehensive income. Further, in November 2012, the Company also received dividends pertaining to the transferred held for trading investments amounting to ₱2.1 million. The parties have agreed that the dividends on the held for trading investments aggregating ₱4.1 million is for the account of SPPC, and should form part of the net assets transferred, thus resulting to a loss by the transfer of ₱2.1 million presented as part of "Other expenses" in the statement of comprehensive income. The dividends on the held for trading investments was fully settled in January 2013.

On October 29, 2012, MJCI transferred 7,510 square meters of the Sta. Cruz property in exchange for 600.8 million common shares of the Company. The property transferred has a fair value of ₱600.8 million or ₱80,000 per square meter. The transaction is considered as a tax-free exchange under BIR certification in accordance with National Internal Revenue Code Section 40 (c) (2). In accordance with the BIR certification, the property for share exchange is not subject to income tax, capital gains tax, expanded withholding tax and donor's tax. The transaction, however, is subject to VAT and documentary stamp tax. The input VAT related to the land acquired amounted to ₱72.1 million is presented as part of "Input VAT" classified as current assets in the statement of financial position while the documentary stamp tax amounting to ₱3.0 million was charged against "Additional paid-in capital" and "Retained earnings" amounting to ₱2.5 million and ₱0.5 million, respectively, in the statements of changes in equity.

## 17. Operating Segment Information

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

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

### Segment Revenue and Expenses

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

	2014	2013
Segment revenue	₱10,178,114	₱10,917,012
Costs and expenses	32,415,524	40,704,803
Loss before income tax	(22,237,410)	(29,787,791)
Provision for income tax	1,981,623	2,129,377
Net loss	(₱24,219,033)	(₱31,917,168)

### Segment Assets and Liabilities and Other Information

The segment assets, liabilities and capital expenditures for the years ended December 31 are as follows:

	2014	2013
Assets	₱2,492,588,611	₱2,390,239,507
Liabilities	209,906,893	83,338,756
Capital expenditures	2,282,681,718	2,306,900,751
Interest income	10,178,114	10,917,012
Depreciation	489,366	35,018

## 18. Fair Value Measurement

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

There were no financial instruments carried at fair value as of December 31, 2014 and 2013.

## 19. Financial Risk Management Objectives and Policies

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

### Credit Risk

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

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

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

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

	2014	2013
Loans and receivables:		
Cash and cash equivalents*	P290,934,133	P1,214,419,681
Receivables	114,844,671	114,898,538
	<b>P405,778,804</b>	<b>P1,329,318,219</b>

\*Excluding cash on hand amounting to P50,000.

At December 31, the following tables provide credit information and maximum exposure of the Company's financial assets:

	2014		Total
	Standard Grade	Past Due but not Impaired	
Loans and receivables:			
Cash and cash equivalents*	P290,934,133	P-	P290,934,133
Receivables	114,844,671	-	114,844,671
	<b>P405,778,804</b>	<b>P-</b>	<b>P405,778,804</b>

\*Excluding cash on hand amounting to P50,000.

	2013		Total
	Standard Grade	Past Due but not Impaired	
Loans and receivables:			
Cash and cash equivalents*	P1,214,419,681	P-	P1,214,419,681
Receivables	114,898,538	-	114,898,538
	<b>P1,329,318,219</b>	<b>P-</b>	<b>P1,329,318,219</b>

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

*Cash and cash equivalents*

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

*Receivables*

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

Liquidity Risk

Liquidity risk is defined as the risk that the Company would not be able to settle or meet its obligations on time or at a reasonable price. The Company's objective is to maintain a balance between continuity of funding and flexibility by regularly evaluating its projected and actual cash flows and through the use of bank loans and extension of suppliers' credit terms. The Company maximizes the net cash inflows from operations to finance its working capital requirements. The tables below summarize the maturity profile of the Company's financial liabilities as of December 31 based on contractual undiscounted payments (principal and interest).

	2014			Total
	Due and Demandable	> 1 month	> 3 months but < 1 year	
Accounts payable and other current liabilities*	₱2,779,799	₱205,573,476	₱-	₱208,353,275

\*Amounts are exclusive of nonfinancial liabilities amounting to ₱1,547,618 as of December 31, 2014.

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

\*Amounts are exclusive of nonfinancial liabilities amounting to ₱850,918 as of December 31, 2013.

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

	2014			Total
	Due and Demandable	> 1 month	> 3 months but < 1 year	
Loans and receivables:				
Cash and cash equivalents*	₱290,934,133	₱-	₱-	₱290,934,133
Receivables	114,844,671	-	-	114,844,671
Total	₱405,778,804	₱-	₱-	₱405,778,804

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

	2013			
	Due and Demandable	> 1 month	> 3 months but < 1 year	Total
Loans and receivables:				
Cash and cash equivalents*	₱1,214,419,681	₱-	₱-	₱1,214,419,681
Receivables	114,898,538	-	-	114,898,538
<b>Total</b>	<b>₱1,329,318,219</b>	<b>₱-</b>	<b>₱-</b>	<b>₱1,329,318,219</b>

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

## 20. Capital Management

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

The Company considers its total equity amounting to ₱2.3 billion as its capital as of December 31, 2014 and 2013.

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

## 21. Events After the Reporting Date

### 21.1. Additional Subscription of Strategic Investors

On January 14, 2015, the Company received from a group of strategic investors the amount of ₱673.8 million by subscription to 673,791,662 shares to be taken from the unsubscribed portion of the authorized capital stock at a subscription price of ₱1.0 per share.

### 21.2. PEZA Registration

On February 10, 2015, the registration as an Ecozone Tourist Enterprise for the development and operation of tourist, leisure and entertainment facilities is already approved by Philippine Economic Zone Authority (PEZA). The project shall be entitled only to tax and duty-free importation and zero-VAT rating on local purchases of capital equipment.

## 22. Other Matters

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



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

On November 25, 2010, the BIR issued RR 15-2010 to amend certain provisions of RR 21-2002 prescribing the matter of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements accompanying the tax returns. It requires the disclosure of taxes, duties and licenses paid or accrued during the year.

The company also reported and/or paid the following types of taxes for the year ended December 31, 2014.

- a. The Company has no sales/receipts in 2014 that are subject to VAT.
- b. The following table shows the sources of input VAT claimed:

Balance at beginning of the year	₱102,830,215
Purchases of:	
Goods other than for resale	24,118,489
Services lodged under other accounts	66,133,803
<u>Balance at end of the year</u>	<u>₱193,082,507</u>

- c. Other taxes and licenses

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

Kind of Tax	Official Receipt Number	Amount
Building permit	01-2014-001123-R <sup>n</sup>	₱21,312
Business permit	9833901	16,030
Documentary stamp tax	Various	4,748
Local government tax	Various	1,255
Community tax certificate	CCC201200216942	860
Others	Various	2,500
<u>Total</u>		<u>₱46,705</u>

The Company did not have any importations or purchases of any products subject to excise tax.

- a. Details of the Company's withholding taxes in 2014 are as follows:

Expanded withholding taxes	₱13,108,023
Withholding taxes on compensation	4,128,766
<u>Total</u>	<u>₱17,236,789</u>

- b. Tax contingencies

- i. The Company has no deficiency tax assessments as of December 31, 2014.
- ii. The Company has no tax cases, litigation and/or prosecution in courts or bodies outside the BIR as of December 31, 2014.

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