

COVER SHEET

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 SEC Registration Number

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

 (Company's Full Name)

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

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

ARACELI C. MOLINA

 Contact Person

750-2000

 Company Telephone Number

1	2	/	3	1
Month			Day	
Fiscal Year				

S	E	C	17-Q
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 FORM TYPE

0	5		
Month		Day	
Annual Meeting			

n/a

 Secondary License Type, If Applicable

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 Dept Requiring this Doc

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 Amended Articles Number / Section

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 Total No. of Stockholders

Total Amount of Borrowings

Domestic	Foreign

To be accomplished by SEC Personnel concerned

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 File Number

_____ LCU

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 Document ID

_____ Cashier

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

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

1. For the Quarter Ended **March 31, 2013**
2. Commission Identification Number: **150014**
3. BIR Tax Identification Number: **050-000-473-206**
4. Exact Name of issuer as specified in its charter: **MABUHAY HOLDINGS CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**
6. Industry Classification Code: _____ (SEC Use Only)
7. Address of Principal Office: **35/F Rufino Pacific Tower, Ayala Avenue, Makati City**
8. Issuer's Telephone Number, Including Area Code: **(632) 750-2000**
9. Former Name, former address, former fiscal year, if changed from last report:
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Common shares	1,200,000,000
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11. Are any or all of these securities are listed on the Philippine Stock Exchange.

Yes [/] No []

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

Philippine Stock Exchange Common stock

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

Yes [/] No []
 - (b) has been subject to such filing requirements for the past 90 days

Yes [/] No []

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PART I – ITEM 1 - FINANCIAL STATEMENTS

**CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2013 AND DECEMBER 31, 2012
(All amounts in Philippine Peso)**

	Notes	Mar 31, 2013*	Dec 31, 2012 **
<u>ASSETS</u>			
CURRENT ASSETS			
Cash on hand and in banks	6	8,682,010	5,083,254
Financial assets at fair value through profit or loss	7	2,257,135	2,030,822
Notes and other receivables	8	412,652,613	408,588,498
Prepayments		2,473,945	2,647,662
Total current assets		426,065,703	418,350,236
NON-CURRENT ASSETS			
Investments in associates – net	9	882,366,720	884,907,853
Property and equipment – net	10	9,778,121	10,323,746
Investment properties – net	11	214,273,520	214,273,520
Other non-current assets		164,217	151,896
Total non-current assets		1,106,682,578	1,109,657,015
Total assets		1,532,648,281	1,528,007,251
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Borrowings	12	297,219,774	298,399,038
Accrued expenses and other payables	13	72,256,283	66,915,070
Due to related parties	18	9,313,248	9,314,664
Subscriptions payable		2,500	2,500
Deposits on future shares subscriptions	14	194,695,275	194,695,275
Total current liabilities		573,487,080	569,326,547
NON-CURRENT LIABILITIES			
Deferred income tax liability, net		53,999,848	53,999,848
Total liabilities		627,486,928	623,326,395
EQUITY			
Capital attributable to Parent Company’s equityholders	15		
Share capital		955,034,053	955,034,053
Treasury shares		(61,782,864)	(61,782,864)
Retained earnings (deficit)		(84,328,618)	(77,701,744)
Total equity		808,922,571	815,549,445
Non-controlling interest		96,238,782	89,131,411
Total equity		905,161,353	904,680,856
Total liabilities and equity		1,532,648,281	1,528,007,251

* Unaudited

** Audited

M A B U H A Y

HOLDINGS CORPORATION

CONSOLIDATED STATEMENTS OF INCOME FOR THE PERIOD ENDED MARCH 31, 2013 AND 2012 (All amounts in Philippine Peso)

	Note	Unaudited Quarter Ending Jan 1 – Mar 31	
		2013	2012
REVENUES			
Rental		1556,721	1,554,471
EXPENSES			
Salaries and employee benefits	20	871,942	965,338
Depreciation		545,625	754,538
Professional fees		455,191	406,180
Others	16	2,410,157	2,299,389
		4,282,915	4,425,445
LOSS FROM OPERATIONS		(2,726,194)	(2,870,974)
OTHER INCOME (EXPENSES)			
Finance income, net		427,037	705,641
Share in net earnings (losses) of associates	9	(899,734)	(1,017,301)
Foreign exchange gains (losses)		1,318,452	6,645,045
Gain (loss) on disposal of assets	21	2,133,511	3,924,900
Unrealized gain (loss) on securities		226,313	796,655
Others		1,112	33,739
		3,206,691	11,088,679
INCOME (LOSS) BEFORE INCOME TAX		480,497	8,217,705)
PROVISION FOR INCOME TAX			147,245
NET INCOME (LOSS)		480,497	8,070,460
OTHER COMPREHENSIVE INCOME			
TOTAL COMPREHENSIVE INCOME		480,497	8,070,460
NET INCOME/TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equityholders of the Parent Company		(6,626,874)	8,130,261
Non-controlling interest		7,107,371	(59,801)
		480,497	8,070,460
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equityholders of the Parent Company		(6,626,874)	8,130,261
Non-controlling interest		7,107,371	(59,801)
		480,497	8,070,460

MABUHAY
HOLDINGS CORPORATION

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2013 AND 2012
(All amounts in Philippine Peso)
Unaudited**

	Equity Holders of the Company			Non-controlling interest	Total
	Share capital (Note 15)	Treasury shares (Note 15)	Deficit		
Balances at January 1, 2012	939,484,053	(61,782,864)	(709,089,886)	12,528,152	181,139,455
Comprehensive loss					
Net loss for the quarter	-	-	8,130,261	(59,801)	8,070,460
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	8,130,261	(59,801)	8,070,460
Balances at March 31, 2012	939,484,053	(61,782,864)	(700,959,625)	12,468,351	189,209,915
Balances at January 1, 2013	955,034,053	(61,782,864)	(77,701,744)	89,131,411	904,680,856
Comprehensive loss					
Net loss for the quarter	-	-	(6,626,874)	7,107,371	480,497
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	(6,626,874)	7,107,371	480,497
Balances at March 31, 2013	955,034,053	(61,782,864)	(84,328,618)	96,238,782	905,161,354

M A B U H A Y
HOLDINGS CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED MARCH 31, 2013 AND 2012
(All amounts in Philippine Peso)

	Notes	For the Quarter Ending March Unaudited	
		2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before tax		480,498	8,217,705
Adjustments for:			
Share in net losses of associates	9	899,734	1,017,301
Unrealized loss (gain) on securities		(226,313)	(796,655)
Depreciation		545,625	754,538
Unrealized foreign exchange loss (gain)		(1,324,087)	(6,684,768)
Interest expense		4,757,399	809,072
Interest income		(9,291,061)	(10,033,115)
Loss (gain) on sale of assets	21	(2,133,512)	(3,924,900)
Operating profit (loss) before working capital changes		(6,291,717)	(10,640,822)
Decrease (increase) in:			
Notes and other receivables		6,327,404	(14,191,865)
Prepaid expenses		173,717	(167,671)
Other non-current assets		(12,321)	(2,469)
Increase (decrease) in:			
Accrued expenses and other payables		(3,892,845)	(9,018,994)
Due to related parties		(1,416)	
Net cash used in operating activities		(3,697,178)	(34,021,821)
Interest received		(1,100,458)	(630,499)
Income taxes paid			(147,244)
		(4,797,636)	(34,799,564)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment			(6,778)
Acquisition of securities		(2,160,000)	
Proceeds from disposal of investments		5,934,912	27,321,796
Net cash provided by (used in) investing activities		3,774,912	27,315,018
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Interest paid		4,621,480	9,148,900
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS		3,598,756	1,664,354
CASH ON HAND AND IN BANKS			
January 1		5,083,254	6,349,032
March 31		8,682,010	8,013,386

MABUHAY
HOLDINGS CORPORATION

**CONSOLIDATED AGING OF NOTES AND OTHER RECEIVABLES
AS OF MARCH 31, 2013**

	TOTAL	1-30 DAYS	31-60 DAYS	OVER 61 DAYS
IRC Properties, Inc.	394,364,831	3,342,674	3,019,189	388,002,968
Dreamhauz Mgt. & Dev't. Corp.	16,682,376	224,750	203,000	16,254,626
Sta. Mesa Heights Holdings Corp.	574,872			574,872
Carag Zaballero San Pablo	500,000			500,000
Castillo Laman Tan Pantaleon	125,000		10,000	115,000
Others	405,534	15,837		389,696
Totals	412,652,613	3,583,261	3,232,189	405,837,163

Mabuhay Holdings Corporation and Subsidiaries

Notes to Financial Statements

As at and for each of the period ended March 31, 2011, December 31, 2011 and March 31, 2012
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

Mabuhay Holdings Corporation (the “Company” or “Parent Company”) was incorporated in the Philippines on April 6, 1988 primarily to engage in the acquisition of and disposal of investments in marketable securities, shares of stocks and real estate properties. The Parent Company is 29.3% owned by Prokey Investments Limited, a 100% Filipino-owned company registered in the British Virgin Islands and licensed by the Securities and Exchange Commission (SEC) on March 15, 2011 to operate a representative office in the Philippines. The remaining 70.7% is owned by various individuals and corporations. The Parent Company’s common shares were listed in the Philippine Stock Exchange (PSE) in 1990. Other than its share listing in 1990, there were no other share offerings as at December 31, 2012.

The subsidiaries have no significant commercial operations as at December 31, 2012, 2011 and 2010. The subsidiaries’ operations consist mainly of preservation and maintenance of existing investment properties.

The Group’s main focus is to support the ongoing property developments of its large associate, IRC Properties, Inc. (IRC). IRC entered into an agreement with a third party for the development of a portion of a large property in Binangonan and was able to generate P399 million cash in 2010 through stock rights offering. These ongoing property developments of IRC are expected to generate significant amount of sustainable income stream and operating cash flows to the Group.

As at December 31, 2012, IRC is actively pursuing negotiations with a key real estate industry player to develop a huge portion of its Binangonan property, whether pursuant to a purchase or joint venture, into a mixed-use township project. The on-going negotiations for a possible seven-year project divided into three phases are expected to be completed in the next 6 months. This prospective development project is expected to be a large scale development which will substantially increase the value of IRC's vast property. To date, a total of 142 hectares are ready for immediate development. IRC owns more than 2,000 hectares of land in Binangonan Rizal.

With the forgoing developments and business prospects of IRC, the Group expects to fully recover all its notes receivables and advances to IRC. Moreover, it also expects IRC to generate a sustained and healthy return on its investments when large scale development commences.

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

Note 2 - Summary of significant accounting policies

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

2.1 Basis of preparation

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

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, investment properties and available-for-sale investments included in other non-current assets.

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

Changes in accounting policy and disclosures

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

(a) New standards, interpretations, and amendments to publish standards

The Group adopted the following amendments to existing standards and interpretations approved by the FRSC which are effective for the Group beginning January 1, 2012:

- *PAS 12 (Amendment), Income Taxes - Deferred Tax* (effective January 1, 2012). PAS 12 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in PAS 40, Investment Property. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, Income Taxes - Recovery of Revalued Non-Depreciable Assets, will no longer apply to investment properties carried at fair value. The amendments also incorporate into PAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.

The Group applied the amendments beginning January 1, 2012. Total deferred taxes arising from fair value gains from investment properties amount to P54,177,739 in 2012.

(b) New standards, amendments and interpretations to existing standards that are not yet effective and not early adopted by the Group

- *PAS 28 (Revised), Investments in Associates and Joint Ventures* (effective January 1, 2013). This revised standard includes the requirements for joint ventures, as well as associates, to be accounted for using the equity method following the issuance of PFRS 11. The Group will apply the revised standard beginning January 1, 2013. The Group is currently assessing the full impact on the financial statements as investments in associates are currently accounted for using the cost method in the Company's separate financial statements. The Group has no investments in joint ventures.
- *PFRS 9, Financial Instruments* (effective January 1, 2015). This new standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of PAS 39 that relate to the classification and measurement of financial instruments. PFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the PAS 39 requirements. The Group will apply this new standard beginning January 1, 2015 but is not expected to result in significant changes to the financial statements.
- *PFRS 10, Consolidated Financial Statements* (effective January 1, 2013). This new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included in the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. Group will adopt this new standard beginning January 1, 2013 and is currently assessing the full impact on the financial statements upon adoption.

- *PFRS 13, Fair Value Measurement* (effective January 1, 2013). This new standard aims to improve consistency and reduce complexity by providing a clarified definition of fair value and a single source of fair value measurement and disclosure requirements for use across PFRS. The Group will apply this new standard beginning January 1, 2013 but the adoption is not expected to have a significant impact on the financial statements as the current fair value measurement of its financial instruments carried at fair value is already consistent with requirements of the new standard.

There are no other standards, amendments or interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2012, 2011 and 2010. The subsidiaries' financial statements are prepared using the same reporting year as the Parent Company. The accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

This consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries as at March 31, 2013 and December 31, 2012:

Subsidiaries	Percentage of ownership		
	Direct	Indirect	Total
T&M Holdings, Inc. (TMHI)	100.00%	-	100.00%
M&M Holdings Corporation (MMHC)	100.00%	-	100.00%
Mindanao Appreciation Corporation (MAC)*	28.51%	13.98%	42.49%
The Angeles Corporation (TAC)	38.46%	15.02%	53.48%
The Taal Company, Inc. (TTCI)*	29.97%	14.49%	44.46%
Tagaytay Properties and Holding Corporation (TPHC)*	26.04%	-	26.04%

*With significant control or power to govern

All subsidiaries are domestic companies registered in the Philippines are principally engaged in the business of acquiring and disposing of interests in real and personal properties of any kind or description, marketable securities and shares of stocks.

(e) Subsidiaries

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

MAC, TTCI and TPHC are consolidated because the Parent Company takes effective and substantial control over key decisions, operating strategies, and key policies of the entities. Consistent with PAS 27, the entities have been consolidated in the Group's financial statements.

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

the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share in the net assets acquired, the difference is recognized directly in profit or loss.

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

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

TPHC holds interests in the companies listed above namely: (1) The Angeles Corporation, 57.69%; (2) The Taal Company, Inc., 55.64%; and (3) Mindanao Appreciation Corporation, 53.68%.

(b) Transactions with non-controlling interests

Interests in the equity of subsidiaries not attributable to the Parent Company are reported in the statements of financial position as non-controlling interests. Profits or losses attributable to non-controlling interests are reported in the statement of total comprehensive income.

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Parent Company. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates in the consolidated financial statements are accounted for by the equity method of accounting and are initially recognized at cost.

The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in reserves is recognized in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, it does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Intragroup gains on transactions between the Group and its associates are eliminated to the extent of its interest in the associates. Intragroup losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Cash on hand and in banks

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

2.4 Financial assets

2.4.1 Classification of financial assets

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

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

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

The Group's listed equity securities (Note 7) that are held for trading are classified under this category.

(b) Loans and receivables

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

The Group loans and receivable comprise cash in banks, notes receivables, other receivables and refundable deposits under other non-current assets in the statement of financial position.

(c) Held-to-maturity investments

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

The Group does not hold financial assets under this category.

(d) Available-for-sale financial assets

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

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

2.4.2 Initial recognition and measurement

Regular-way purchases and sales of investments are recognized on trade date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Transaction costs on financial assets carried at fair value through profit or loss are expensed as incurred.

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

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

2.4.3 Derecognition of financial assets

Financial assets are derecognized when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and

rewards have not been transferred, the Group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent de-recognition).

2.4.4 Impairment of financial assets

(i) Assets carried at amortized cost

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

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

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the asset's original effective interest rate (recoverable amount). Impairment loss is recognized in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

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

(ii) Assets classified as available-for-sale

For debt securities, the Group first assesses whether there are changes in the paying capacity of the issuer characterized by the following:

- delinquency in contractual payments of principal or interest;
- cash flow difficulties experienced by the borrower;
- breach of loan covenants or conditions;
- initiation of bankruptcy proceedings;
- deterioration of the borrower's competitive position; and
- deterioration in the value of collateral.

In the case of equity investments classified as available-for-sale and fair value through profit and loss, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. Generally, the Group treats "significant" as 20% or more and "prolonged" as greater than 12 months. If any such evidence exists for the financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from other comprehensive income and recognized in profit or loss. Impairment losses recognized on equity instruments are not reversed through profit or loss.

If in a subsequent period, the fair value of a debt instrument previously impaired increases and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. Reversal of impairment losses recognized previously on equity instruments is made directly to other comprehensive income.

(iii) Financial assets at fair value through profit and loss

In the case of equity investments classified as financial assets at fair value through profit and loss, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. Generally, the Group treats “significant” as 20% or more and “prolonged” as greater than 12 months. If any such evidence exists for the financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is recognized immediately in profit or loss.

2.5 Financial liabilities

2.5.1 Classification and measurement of financial liabilities

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

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

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

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

The Group does not hold financial liabilities under this category.

(b) Other liabilities at amortized cost

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

The Group’s borrowings, due to related parties and subscriptions payable are classified under this category.

2.5.2 Initial recognition and derecognition of financial liabilities

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

2.5.3 Derecognition of financial liabilities

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

2.6 Offsetting of financial instruments

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

2.7 Prepayments

Prepayments are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at the amount of cash paid, which is equal to its nominal amount. Prepayments are derecognized in the statement of assets, liabilities and head office account as these expire with the passage of time or consumed in operations.

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

2.8 Property and equipment

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

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

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

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

Building and leasehold improvements are amortized over the life of its assets or lease term, whichever is shorter.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

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

2.9 Investment properties

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

Effective 2012, the Group has adopted the fair value approach in measuring investment properties. This change in policy has been applied retrospectively.

Investment property is subsequently carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are recorded in profit or loss as part of other income.

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

loss arising from disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset. This is recognized in the profit or loss.

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

2.10 Impairment of non-financial assets

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

2.11 Accrued expenses and other payables

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

2.12 Borrowings and borrowing costs

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

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

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. There are no qualifying assets as at reporting dates. All other borrowing costs are expensed as incurred.

2.13 Revenue and expenses recognition

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

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

(a) Rental income

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

(b) Interest income and expense

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

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

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

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

(c) Other income

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

(d) Expenses

Operating expenses are recognized when they are incurred.

2.14 Provisions

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and

the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.16 Share capital

(a) Common shares

Common shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

(b) Treasury shares

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

2.17 Earnings per share

Basic EPS is calculated by dividing income applicable to common shares by the weighted average number of common shares outstanding during the year. Diluted EPS is computed in the same manner as basic EPS, however, net income attributable to common shares and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares. There are no dilutive potential common shares for the Group.

2.18 Leases

(a) The Group is the lessor

Properties leased out under operating leases are included in “Investment properties” in the statement of condition. Rental income under operating leases is recognized in profit or loss on a straight-line basis over the period of the lease.

(b) The Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which the termination takes place.

2.19 Foreign currency transactions and translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

2.20 Related party relationships and transactions

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

2.21 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

2.22 Subsequent events (or events after the reporting date)

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

2.23 Restatements

Certain amounts in the 2011 and 2010 financial statements and supporting note disclosures have been restated to conform to the Company’s change in accounting policy, which are discussed in Note 23.

In accordance with PAS 1 (Revised), a three-year comparative statement of financial position and notes to corresponding accounts affected have been prepared with respect to this restatement as disclosed in Note 23. No other notes to financial statements have been impacted by this restatement.

Note 3 - Financial risk and capital management

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

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

3.1 Market risk

a. Foreign exchange risk

The foreign exchange risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's exposure to currency risk relates only to the foreign currency denominated borrowings amounting to HK\$ 25,000,000 and US\$3,685,265 at March 31, 2013 and December 31, 2012.

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

b. Price risk

The Group's exposure on price risk is minimal and limited only to investments classified as at fair value through profit or loss (Note 7) and available-for-sale securities. Changes in market prices of these investments are not expected to impact significantly the financial position or results of operations of the Group.

c. Interest rate risk

Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing financial instruments include notes receivable (Note 8) and various loans payable and borrowings (Note 12). These financial instruments are not exposed to fair value interest rate risk as they are carried at amortized cost. Likewise, these instruments are not exposed to variability in cash flows as they carry fixed interest rates.

3.2 Credit risk

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

(a) Maximum exposure to credit risk

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

(i) Cash in banks

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

As at March 31, 2013 and December 31, 2012, the Group's funds are maintained with depository banks which are locally classified as universal banks.

(ii) Notes and other receivables

Notes receivables classified as fully performing are current and expected to be fully settled by IRC, a related party. Management believes this balance is fully recoverable given the huge potential and improving financial condition of IRC. There were no collaterals held related to notes and other receivables.

(ii) Refundable deposits

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

3.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due. The consequence may be the failure to meet obligations to repay creditors and fulfill commitments. The Group's liquidity management process as carried out within the Group includes:

- a. Day-to-day funding requirement, managed by monitoring future cash flows to ensure that requirements can be met;
- b. Monitoring statement of financial position liquidity ratios against internal requirements; and
- c. Assessing if additional funding from lenders or stockholders is needed.

Accordingly, each financial asset and liability is structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. The amounts disclosed in the table below are the expected undiscounted cash flows of financial assets and liabilities, which the Group uses to manage the inherent liquidity risk.

Substantial component of expected cash inflows in 2013 and foreseeable future is the expected payments from IRC.

Additional advances or loans from shareholders will be obtained to the extent necessary to meet maturing obligations.

3.4 Fair value of financial assets and liabilities

PFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

The Group's financial instruments measured at fair value fall under the category of Level 1. These are valued using published quoted prices from Philippine Stock Exchange. These include financial assets at fair value through profit or loss (Note 7) and available-for-sale securities. There are no financial instruments classified as under Level 2 or Level 3.

Note 4 - Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to support the property development plans of IRC and to maintain an optimal capital structure to reduce the cost of capital. For this purpose, capital is represented by total equity as shown in the statements of financial position, as well as deposit for future share subscriptions presented as liabilities.

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

Given the very limited pre-operating activities undertaken by the Group, it does not require intensive capitalization as at March 31, 2013 and December 31, 2012. The Group's main objective is to ensure it has adequate funding source moving forward to support the development projects of IRC which is expected to provide sustained stream of cash flow in the near future.

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

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

Note 5 - Critical accounting estimate and judgment

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

5.1 Critical accounting judgments

(a) Recoverability of receivables (Note 8)

Allowance for impairment losses is maintained at a level considered adequate to provide for potentially uncollectible receivables. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Management's judgment is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions on a number of factors and actual results may differ, resulting in future changes to the allowance. The factors considered in the estimate of probable losses include among others, age and nature as well as indicators of disputes, if any. The provision is recognized in profit or loss.

Management believes that carrying amount of notes receivables at reporting dates is collectible given the ongoing developments and positive operating prospects of IRC.

(b) Recognition of deferred income tax assets (Note 17)

Management reviews at each reporting date the carrying amounts of deferred income tax assets. The carrying amount of deferred income tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax assets can be utilized. Management believes that the non-recognition of deferred income tax assets of P4.77 million is appropriate due to the Group's limited capacity to generate sufficient taxable income in the future.

(c) Recoverability of investment in IRC (Note 9)

Management believes that the carrying amount of investment in IRC, including notes receivable described in Note 8, are fully recoverable due to a number of factors, which include among others, the following:

- 1) IRC has a vast tract of land held for development and capital appreciation in Binangonan Rizal. Portion of the 425-hectare property has started development, hence, the property's fair value started to appreciate. The fair value is expected to substantially increase when additional developments are undertaken. Currently, the property is valued at P650 per square meter.
- 2) IRC is in process of constructing a residential project over a 29 hectare property under the joint development agreement with two local developers.
- 3) IRC has successfully generated P399 million cash arising from its stock rights offering in 2010.
- 4) IRC is in the process of negotiating with a key industry player to undertake a major development project.
- 5) Clearing and retitling is ongoing for the remaining large portion of the land to make it ready for future developments.
- 6) There are still more than 1,500 hectares to clear which are legally owned by IRC under the Supreme Court ruling. This vast property is expected to provide long-term sustainable land bank for the Group's future development. These are contingent assets which can be recognized when clearing and retitling process is completed.

Note 6 - Cash on hand and in banks

The account at March 31 and December 31 consists of:

	Mar 31, 2013	Dec 31, 2012
Cash in banks	8,667,010	5,068,254
Cash on hand	15,000	15,000
	8,682,010	5,083,254

Note 7 - Financial assets at fair value through profit or loss

The account as at March 31, 2013 and December 31, 2012 consists of listed equity shares with fair value based on current bid prices in an active market.

In 2012, shares with a fair value of P7.5 million were sold at P9.9 million. Gain on disposals of financial assets at fair value through profit or loss amounted to P2.4 million.

Note 8 - Notes and other receivables

The account at March 31 and December 31 consists of:

	Note	Mar 31, 2013	Dec 31, 2012
Notes receivable		419,167,049	419,843,151
Due from related parties	19	435,940	343,191
Advances and other receivables		10,784,386	6,136,918
		430,387,375	426,323,260
Allowance for impairment losses		(17,734,762)	(17,734,762)
		412,652,613	408,588,498

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

The loans were used by IRC for the site clearance, retitling and development costs of its vast Binangonan property.

Note 9 - Investment in associates

Details of the account at December 31 follow:

	Mar 31, 2013	Dec 31, 2012
Acquisition cost		
IRC	575,637,344	575,637,344
Accumulated share in net losses of associate		
Balance, beg.	309,270,509	256,967,967
Share in net (loss) earnings of associate	(899,734)	37,884,706
Share acquisitions	2,160,000	27,937,440
Disposal of shares	(3,801,399)	(13,519,604)
Balance, end	306,729,376	309,270,509
	882,366,720	884,907,853

The Company sold a portion of its investment in associate which resulted in a gain of P2.13 million (P18.96 million in 2012).

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

	Mar 31, 2012	Dec 31, 2012
	(in millions of Peso)	
Total assets	2,311.33	2,374.10
Total liabilities	1,535.62	1,614.35
Total equity	775.72	759.75
Revenue	3.64	7.67
Net income (loss)	(2.16)	89.16

Note 10 - Property and equipment

Details of property and equipment as at and for the years ended March 31, 2013 and December 31, 2012 follow:

	Mar 31, 2013	Dec 31, 2012
COST		
Furniture & fixtures	1,662,116	1,662,116
Office equipment	1,089,136	1,089,136
Communication and other equipment	845,643	845,643
Office condominium	13,746,305	13,746,305
Building improvements	3,859,242	3,859,242
Transportation equipment	5,246,131	5,246,131
	26,448,573	26,448,573
ACCUMULATED DEPRECIATION		
Furniture & fixtures	1,421,058	1,360,453
Office equipment	814,456	786,893
Communication and other equipment	812,400	803,877
Office condominium	10,608,054	10,480,827
Building improvements	1,518,390	1,571,662
Transportation equipment	1,496,094	1,121,115
	16,670,452	16,124,827

NET BOOK VALUE

Furniture & fixtures	241,058	301,663
Office equipment	274,680	302,243
Communication and other equipment	33,243	41,766
Office condominium	3,138,251	3,265,478
Building improvements	2,340,852	2,287,580
Transportation equipment	3,750,037	4,125,016
	<u>9,778,121</u>	<u>10,323,746</u>

Note 11 - Investment properties

The Group's investment properties include several parcels of land and condominium units held for lease. Land includes properties of MHC, TTCI and TPHC held for appreciation purposes, including those strategically located and potentially high value land in Tagaytay City and Batangas with a total land area of 29 hectares. The condominium units, which are located in Makati with a total floor area of 888 square meters, are being leased out to third parties.

Note 12 - Borrowings

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

	Mar 31, 2013	Dec 31, 2012
Join Capital Limited	256,772,132	257,752,396
Intrinsic Value Management Ltd. (Phils.) Co., a related party	13,624,642	13,624,642
Philippine Strategic Internat'l Holdings, Inc., a related party	450,000	450,000
Others	26,373,000	26,572,000
	<u>297,219,774</u>	<u>298,399,038</u>

Note 13 - Accrued expenses and other payables

The account at March 31 and December 31 consists of:

	Note	Mar 31, 2013	Dec 31, 2012
Accrued expenses		39,768,992	39,096,813
Provisions	22	26,160,652	26,160,652
Others		6,326,639	1,657,605
		<u>72,256,283</u>	<u>66,915,070</u>

Accrued expenses represent accruals for professional fees, utilities and other recurring expenses. Provisions pertain to liabilities related to guarantees arising from acquisition of an asset of a previous related party which is currently under legal proceedings.

Note 14 - Deposits for future share subscriptions

In 1997, the Group received from certain shareholders deposits on future stock subscriptions amounting to P241.62 million. Movements of P46.93 million in 2008 pertain to cancellation of subscription with the amount previously received as deposits applied against the Group's advances to concerned shareholders. There were no movements in the account in 2013 and 2012.

It is the intention of the shareholders that these balances represent deposits for capital subscription. However, such has been presented as liability only for the purpose of complying with SEC rule 68-D.

Note 15 - Equity*(a) Share capital*

Share capital at March 31, 2013 and December 31, 2012 consists of:

Common shares – P1 par value	
In shares	
Authorized	4,000,000,000
Subscribed and issued	1,200,000,000
Issued and outstanding	955,034,053

Movement in 2012 pertains to collection of subscriptions from shareholders.

(b) Treasury shares

Treasury shares represent investment of MAC, a subsidiary, to the Parent Company's shares. Acquisition cost of these shares amounts to P61,782,864.

Note 16 - Operating expenses

Other operating expenses for the quarter ended March 31, 2012 and 2011 consist of:

	Mar 31, 2013	Mar 31, 2012
Taxes and licenses	1,058,180	1,055,462
Transportation and travel	372,473	326,671
Communication, light and water	253,972	211,182
Representation and entertainment	22,210	3,467
Other fees	104,778	109,989
Miscellaneous	598,544	592,618
	2,410,157	2,299,389

Note 17 - Basic and diluted earnings per share

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

	2013	2012
Net income (loss) attributable to the equity holders of Parent Co.	(480,497)	8,130,261
Divided by the average no. of outstanding common shares	949,623,505	939,484,053
Basic (loss) earnings per share	(0.0005)	0.0087

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

Note 18 - Related party transactions

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

a) Due from related parties

Details of the account at March 31 and December 31 follow:

	Mar 31, 2013	Dec 31, 2012
Intrinsic Value Management Ltd. (Phils.) Co., Inc. ("IVM")	83,209	39,533
IRC Properties, Inc.	73,309	54,282
Phil. Strategic	139,741	124,719
South China Sea Holdings Corporation	139,681	124,657
	435,940	343,191

Other outstanding receivables from related parties are presented as Due from related parties under Notes and other receivables account in the statements of financial position (see Note 8).

b) Due to related parties

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

	Mar 31, 2013	Dec 31, 2012
IVM	9,227,542	9,228,958
Others	85,706	85,706
	9,313,248	9,314,664

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

Note 19 - Leases

In 2009, the Company occupied a portion of its investment in condominium units and converted it into an office space. The portion which is owner-occupied is properly reclassified as property and equipment (Notes 10 and 11). The remaining portion is leased to other parties.

Note 20 - Salaries and employee benefits

The balance of employee benefits at March 31 and December 31 consists of:

	Mar 31, 2013	Mar 31, 2012
Salaries and wages	630,753	743,779
SSS, Philhealth and HDMF	27,514	26,179
Others	213,675	195,380
	871,942	965,338

Note 21 - Gain (loss) on disposal of assets

The account includes gains (losses) resulting from the sale of the following assets:

	Notes	Mar 31, 2013	Mar 31, 2012
Financial asset at fair value through profit or loss	7	-	1,082,412
Investment in associates	9	2,133,511	2,842,488
		2,133,511	3,924,900

Note 22- Contingencies

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

In 1996, the Parent Company entered into a shareholders agreement with a couple of other corporate entities involving a venture in fast craft shipping business. The claimant (one of the co-shareholders) violated a number of the terms of the agreement, including a direct purchase of the shares of the other shareholder without the consent of the Parent Company as stipulated under the agreement.

In 1999, the plaintiff demanded full payment of the guaranteed return on its investment after audits of the fast craft business revealed a significant amount of loss. The Parent Company denied the liability. The plaintiff filed a request for Arbitration to compel the Parent Company to pay the minimum guaranteed return. The arbitrator rendered an award in favor of the plaintiff. Thus, the plaintiff instituted the present action to enforce the arbitral award.

After the termination of mediation proceedings, the case has been sent back to the regional trial court of Makati (Makati RTC). On May 23, 2008, the Makati RTC dismissed the petition for the recognition and enforcement of the Arbitral Award on the ground that the award was issued in violation of the agreement and the payment obligation ordered by the sole arbitrator is void. The plaintiff filed its motion for reconsideration in June 2008. On July 25, 2008, the Makati RTC denied the plaintiff's motion for reconsideration for lack of merit.

In view of the Notice of Appeal by the plaintiff, the RTC ordered the case to be transferred to Court of Appeals for further proceedings.

The case is pending as at reporting date.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Group's main focus is to support the projects of its large associate, IRC Properties, Inc. (IRC). IRC plans to sell a portion of its vast Binangonan Property to secure funding of its planned Eastridge residential development projects, likewise located in Binangonan. These projects of IRC are expected to generate significant amount of sustainable income stream and operating cash flows to the Group.

The management of the Company has plans to sell some assets and pursue the development of its investment properties as well as the real properties of its subsidiaries and affiliated companies and to enter into joint ventures if opportune.

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

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

The Company's equity position is in compliance with the minimum statutory requirements applicable to public companies. Given the very limited operating activities undertaken by the Group, it does not require intensive capitalization. The Group's main objective is to ensure it has adequate capital moving forward to pursue its land disposal plans at optimum gain. Apart from extending loans to IRC Properties, Inc. for its land clearing costs, the Group does not anticipate heavy requirement for working capital in 2013.

As at December 31, 2012, IRC is actively pursuing negotiations with a key real estate industry player to develop a huge portion of its Binangonan property, whether pursuant to a purchase or joint venture, into a mixed-use township project. The on-going negotiations for a possible seven-year project divided into three phases are expected to be completed in the next 6 months. This prospective development project is expected to be a large scale development which will substantially increase the value of IRC's vast property. To date, a total of 142 hectares are ready for immediate development.

Explanation to Accounts with Material Variance (March 2013 vs. December 2012)

Cash

Increase of 71% mainly due to proceeds from disposal of assets.

Financial assets at fair value through profit or loss

Increase of 11% due to fair value gain.

Accrued expenses and other payables

Increase of 8% largely due to accrual of interest.

Results of Financial Operations

A comparative review of the Registrant's financial operations for the quarter ended March 31, 2013 vis-à-vis the same period last year showed the following:

Total revenues increased slightly by .1% due to increase in rental rate of parking slots. Total operating expenses decreased by 5% largely due to the decrease in Salaries arising from decrease in overtime and Depreciation offsetted by a slight increase in Professional fees. Other income (expenses) decreased by 71% mainly due to the decrease in foreign exchange gain and Gain on disposal of assets. There is no significant element of income that did not arise from the Registrant's continuing operations. Neither is the Company's operations affected by any seasonality or cyclical trends.

Discussion of Material Events/Uncertainties Known to Management that would Address the Past and Impact on Future Operations

The Company does not have any material commitment for capital expenditures, in the short-term. It is not under any pressing obligation to pay its advances to affiliates. The Company has enough

resources to cover payment of liabilities through the sale of some of its marketable securities. In the event that the Company will be required to settle its liabilities to third parties, it can do so by selling its listed securities and calling for payment its notes and accounts receivable.

The Company does not have any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships with unconsolidated entities or other persons created during the reporting period.

ITEM 3 - KEY PERFORMANCE INDICATORS

The Company's key performance indicators are the following:

(In Percentage)

	<u>March 31, 2012</u>	<u>Dec. 31, 2012</u>
Net profit (loss) ratio	30.87	311.1
Return on assets	.03	5.38
Return on equity	.05	9.09
Current ratio	74.29	67.12
Acid test	1.91	1.14
Debt to equity	69.32	68.9
Debt to assets	40.94	40.79
Asset to equity	169.32	168.9
Interest coverage	-nil-	129.22
Earnings (loss) per share	(.0005)	.0087

Notes:

- 1.) Net profit ratio is computed by getting the ratio of Consolidated Net Income (Loss) to Total Revenues.
- 2.) Return on assets is derived at by dividing Net income by Total Assets.
- 3.) Return on Equity is arrived at by dividing Net income by Total Stockholders' equity.
- 4.) Current Ratio is expressed as Current Assets : Current Liabilities.
- 5.) Acid Test Ratio is expressed as total of Cash on hand and in banks + Financial assets at fair value : Current Liabilities.
- 6.) Debt to equity is computed by dividing Total liabilities by Total stockholders' equity.
- 7.) Debt to assets is expressed as Total liabilities: Total assets
- 8.) Asset to equity is computed by dividing Total assets over Total stockholders' equity.
- 9.) Interest coverage is arrived at by dividing Operating income by Interest expense.
- 10.) Earnings (loss) per share is arrived at by dividing the Consolidated Net Income (Loss) over the total no. of shares subscribed and outstanding.

PART II – OTHER INFORMATION

ITEM 4 - NON-APPLICABILITY OF OTHER SEC-REQUIRED NOTES

Notes required to be disclosed but are not applicable to the Registrant are indicated below:

- a. Assets Subject to Lien and Restrictions on Sales of Assets
- b. Changes in Accounting Principles and Practices
- c. Defaults
- d. Preferred Shares
- e. Pension and Retirement Plans
- f. Restrictions which Limit the Availability of Retained Earnings for Dividend Purposes
- g. Significant Changes in Bonds, Mortgages and Similar Debt
- h. Registration with the Board of Investments (BOI)
- i. Foreign Exchange losses Capitalized as part of Property, Plant & Equipment
- j. Deferred Losses Arising from Long-Term Foreign Exchange Liabilities
- k. Segment Reporting
- l. Disclosure not made under SEC Form 17-C: None

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

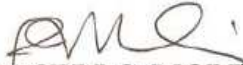
MABUHAY HOLDINGS CORPORATION
Issuer



ESTEBAN G. PEÑA SY

President

Date: May 14, 2013



ARACELI C. MOLINA

Treasurer & Chief Financial Officer

Date: May 14, 2013