CR03186-2014

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended
   Dec 31, 2013
2. SEC Identification Number
   165539
3. BIR Tax Identification No.
   320-000-157-237
4. Exact name of issuer as specified in its charter
   CYBER BAY CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
   MANDALUYONG CITY, PHILIPPINES
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   SUITE 2402 DISCOVERY CENTER, 25 ADB AVENUE, ORTIGAS CENTER, PASIG CITY
   Postal Code
   1605
8. Issuer's telephone number, including area code
   (632)6339757
9. Former name or former address, and former fiscal year, if changed since last report
   NA
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
PREFERRED	6,467,950,603

11. 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:
    Only 6,160,000,000 common shares are listed in the Philippine Stock Exchange (PSE). The remaining common shares and the preferred shares will be listed in the PSE.
12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

- (x) Yes
- ( ) No

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

- (x) Yes
- ( ) No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

Php3,203,200,000.00 (Based on closing market price of Php0.52 on 27 December 2013)

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

- ( ) Yes
- ( ) No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

Portions of the Company's Annual Report to Stockholders are incorporated by reference

(b) Any information statement filed pursuant to SRC Rule 20

NA

(c) Any prospectus filed pursuant to SRC Rule 8.1

NA

Cyber Bay Corporation
CYBR

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2013
Currency (indicate units, if applicable)	Philippine Peso

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2013	Dec 31, 2012
Current Assets	614,653,000	612,958,000
Total Assets	614,813,000	614,049,000
Current Liabilities	1,602,766,000	1,392,692,000
Total Liabilities	1,602,766,000	1,392,692,000
Retained Earnings/(Deficit)	-10,860,107,000	-10,650,979,000
Stockholders' Equity	9,872,154,000	9,872,154,000
Stockholders' Equity - Parent	0	0
Book Value per Share	-0.14	-0.11

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2013	Dec 31, 2012
Operating Revenue	0	0
Other Revenue	3,000	11,000
Gross Revenue	3,000	11,000
Operating Expense	2,744,000	2,361,000
Other Expense	206,569,000	177,909,000
Gross Expense	209,313,000	180,270,000
Net Income/(Loss) Before Tax	-209,310,000	-180,259,000

Income Tax Expense	0	0
Net Income/(Loss) After Tax	-209,310,000	-180,259,000
Net Income/(Loss) Attributable to Parent Equity Holder	0	0
Earnings/(Loss) Per Share (Basic)	-31	-26
Earnings/(Loss) Per Share (Diluted)	-31	-26

Financial Ratios

	Formula	**Fiscal Year Ended**	**Previous Fiscal Year**
		Dec 31, 2013	Dec 31, 2012
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	0.38	0.44
Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.38	0.44
Solvency Ratio	**Total Assets / Total Liabilities**	0.38	0.44
Financial Leverage Ratios			
Debt Ratio	**Total Debt/Total Assets**	2.61	2.27
Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	-1.62	-1.78
Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	0	0
Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	0.06	0.06
Profitability Ratios			
Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	0	0
Net Profit Margin	**Net Profit / Sales**	0	0
Return on Assets	**Net Income / Total Assets**	0	0
Return on Equity	**Net Income / Total Stockholders' Equity**	0	0
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	0	0

Other Relevant Information
Attached is a copy of the Annual Report, Consolidated Financial Statement as of December 31, 2013 and Separate Financial Statement as of December 31, 2013 of the Corporation filed with the Securities and Exchange Commission.

Filed on behalf by:

Name	Cheryl De Leon
Designation	Compliance Officer

COVER SHEET

165539

S.E.C. Registration Number

CYBER BAY CORPORATION

(Company's Full Name)

Suite 2402 Discovery Centre
ADB Avenue, Ortigas Center
Pasig City

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

Atty. Cheryl S. Saldaňa-de Leon	633-9757
Contact Person	Company Telephone Number

12	31	17-A		
Month	*Day*	FORM TYPE	*Month*	*Day*
			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **31 December 2013**

2. SEC Identification Number: **165539**

3. BIR Tax Identification No.: **320-000-157-237**

4. Exact name of issuer as specified in its charter: **CYBER BAY CORPORATION**

5. **Mandaluyong City, Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. [ ] (SEC Use Only)
   Industry Classification Code:

7. **Suite 2402 Discovery Center, 25 ADB Avenue Ortigas Center, Pasig City**
   Address of principal office
   1605
   Postal Code

8. **(632) 6339757**
   Issuer's telephone number, including area code

9. Former name, former address, and former fiscal year. If changed since last report. **N/A**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (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 or Amount of Debt Outstanding
Common	6,806,878,853
Preferred	6,467,950,603

11. Are any or all of these securities listed on a Stock Exchange

    Yes [X]   No [ ]

*Only 6,160,000,000 common shares are listed in the Philippine Stock Exchange (PSE). The remaining common shares and the preferred shares will be listed with the PSE.

12. Check whether the issuer:

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

    Yes [X]   No [ ]

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

Yes [**X**] No [ ]

13. Aggregate market value of the voting stock held by non-affiliates of the Company. Php3,203,200,000.00 (Based on closing market price of Php0.52 on 27 December 2013)

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Company's 2013 Annual Report to Stockholders are incorporated by reference into Parts II and III of this report

THE CORPORATION UNDERTAKES TO PROVIDE WITHOUT CHARGE TO EACH PERSON, ON THE WRITTEN REQUEST OF ANY PERSON, COPY OF CYBER BAY CORPORATION ANNUAL REPORT ON SEC FORM 17-A.

Written request for a copy of the Annual Report on SEC Form 17-A should be addressed to:

ATTY. CHERYL S. SALDAÑA-DE LEON
Corporate Secretary
Suite 2402 Discovery Center, 25 ADB Avenue
Ortigas Center, Pasig City

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

Cyber Bay Corporation (the Company) was organized to undertake real estate development (except real estate subdivision) and reclamation. The Company was incorporated on 06 July 1989, the Company has changed its name from First Lepanto Corporation to Guoco Land (Philippines), Inc. in 1994, to Centennial City Inc. in 1996, and to Cyber Bay Corporation in 2000.

On 30 March 1996, the Company, Central Bay Reclamation and Development Corporation (Central Bay) and certain of shareholders Central Bay's shareholders entered into a Memorandum of Agreement which involved the restructuring of the Company and the consolidation of certain businesses and assets of the Company and Central Bay.

The restructuring of the Company entailed the transfer to Prime Orion Philippines, Inc. (formerly Guoco Holdings Philippines, Inc.) of the Company's investments in the following corporations: Tutuban Properties Inc., Guoco Property Development Inc., Manila Southcoast Development Corporation, Mandaue Resources and Realty Corporation, Luck Hock Venture Holdings, Inc., First Lepanto Ceramic Wares Inc. and First Lepanto Realty Inc. and the settlement of all intercompany liabilities relating to such corporations.

The business consolidation involved the issuance by the Company of 4 billion shares of stock (with par value of P1.00 per share) to certain Central Bay shareholders in exchange for 4.8 million Central Bay shares of stock (with par value of P100.00 per share) held by the Central Bay shareholders. Upon completion of the business consolidation, the Company assumed full ownership of Central Bay, including its Joint Venture Agreement (JVA) with the Public Estates Authority (PEA) (now known as the Philippine Reclamation Authority) to reclaim 750 hectares of land along Manila Bay (the Cyber Bay Project) as its new property core holding.

Aside from the aforementioned business consolidation, no other material reclassification, Merger, Consolidation or Purchase has been implemented. However, ten (10) floors of the BA Lepanto Building owned by the Company was the subject of a *Dacion en Pago* arrangement with the Philippine National Bank in 1999.

With the Cyber Bay Project, the Company is afforded a unique flagship waterfront development; at 750 hectares, it was supposed to be a substantial fully integrated township that can spearhead the redevelopment of the Manila Bay in tandem with the government's progressive Bay City Development.

A controversy on the validity of the JVA arose and several investigations and fact-finding committees were created to determine its validity. Finally, on 28 May 1999, the JVA was amended and approved by the Office of the President and the Government Corporate Monitoring and Coordinating Committee.

After having obtained all the government approvals and endorsements under two Administrations (Presidents Fidel Ramos and Joseph Estrada) and pursuant to the Amended JVA, Central Bay conducted a review of all contracts and project plans in preparation for the resumption of the long delayed implementation of the Reclamation Project. Preparations included the re-bidding of the dredging and reclamation contract, which were previously suspended. In addition, Central Bay urgently settled the squatters issue and incurred huge operational expenses in securing the cleared islands within the project site. These expenditures were undertaken by Central Bay in the ordinary course of business pursuant to its JVA/AJVA with respondent and done in utmost good faith.

However, on 09 July 2002, after having invested heavily into the Reclamation Project, including the cash advances given to PRA and the cost for the relocation of informal settlers in the area, not to mention the funds that were injected to run the operations of Central Bay from 1995 to 2002, the Supreme Court promulgated a decision in the case of Chavez v. PEA and Amari Coastal Bay Development Corporation (G.R. No. 133250, July 9, 2002, 384 SCRA 152), permanently enjoining PEA and Central Bay from implementing and declaring the Amended JVA as null and void ab initio. Central Bay's Motion for Reconsideration was denied.

The Supreme Court stated that "Despite the nullity of the Amended JVA, Central Bay is not precluded from recovering from the PEA in the proper proceedings, on a quantum merit basis, whatever Central Bay may have incurred in implementing the Amended JVA, prior to its declaration of nullity.

On 20 November 2009, the Company sent a letter to the PEA (now PRA) for the payment of approximately Php13.4 billion. This amount represents all costs, losses, liabilities, and expenses incurred by Central Bay computed as of September 2009 pursuant to the Amended JVA.

In a letter dated 8 February 2010, PRA, through its former General Manager and CEO, Andrea D. Domingo, acknowledged that of the claims for reimbursement made by Central Bay, PRA was able to verify the total amount of Php1,004,439,048.45 as the amount due for reimbursement and PRA did not, at that time, find any sufficient basis for the payment of Central Bay's other claims including cost of money, reimbursement of professional and legal fees, interest and bank charges on loan, foreign exchange losses on loans, pre-operating and operating expenses, input tax, and documentary stamp tax. Central Bay then conducted a more thorough internal review of pertinent documents and re-computation of its claims vis-a-vis the findings of PRA.

Thus, on 13 December 2010, Central Bay filed a Petition with the COA to claim for reimbursement with the revised amount due totaling Php11,527,573,684.12 (down from the initial claim of Php13,385,972,469) and not merely Php1,004,439,048.45 as initially determined by the PRA. Considering that PRA has already validated and acknowledged Central Bay's claim for reimbursement in the amount of Php1,004,439,048.45, the only issue submitted to the COA is whether or not the other claims of Central Bay which were initially found by PRA to be without sufficient basis are likewise rightful items for reimbursement in light of recognized government accounting standards.

On 03 February 2014, the Company received a letter from the PRA which states that in addition to the amount verified by your Reclamation Group of Php1,004,439,048.45, the Company is entitled to additional reimbursements in the amount of Php22,592,435.34. The Company shall seek reconsideration of this finding and prove that the Company is likewise entitled to claim for the additional amount of Php10,523,134,635.67, for the total amount of Php11,527,573,684.12 as reimbursements.

With respect to the Company's settlement of its outstanding obligations, the Company secured Stockholders' approval and ratification of the issuance of shares as a result of the conversion of liabilities to equity during as shown below during its annual meeting held on 24 November 2010. As a first step, the Company amended its Articles of Incorporation amending the par value of the unissued preferred shares from Php1.00 to Php0.10, among others. The Commission approved the Amended Articles of Incorporation on 04 May 2011.

The Commission likewise approved the Confirmation of Valuation in relation to the debt to equity conversion on 13 November 2012 as follows:

(a) Conversion of Stockholders' Advances to Equity

The advances which will be converted to 646,878,853 common shares were utilized to finance the reclamation and horizontal development of the Cyber Bay Project.

The 646,878,853 common shares were issued to the following:

One Bacolod Express Holdings, Inc.	364,577,424
Primera Commercio, Holdings, Inc.	167,578,190
Cosco Land Corporation	56,132,206
Guoco Securities (Philippines), Inc.	42,924,628
Prime Orion Philippines, Inc.	15,666,405
	646,878,853

(b) Conversion of Bank Loans to Equity

The liabilities which were converted to 6,467,950,604 preferred shares arose from the Company's bank loans to Philippine National Bank (PNB) and Bangkok Bank. The PNB Loan was assigned to Opal Investments Portfolio [SPV-AMC], Inc. and the latter assigned the loan obligation to One Bacolod Express Holdings, Inc. On the other hand, the Bangkok Bank Loan, which is the subject of Civil Case No. 01-1094, was assigned to Allied Enterprise Co., Ltd. and the latter assigned it to New Bond Corporation (NBC). On 22 February 2011, the Company filed a manifestation in Civil Case No. 01-1094 that it has no objection to the substitution of Primera Commercio Holdings, Inc. for NBC as plaintiff in the case. In a Judgment dated 14 September 2011, the trial court approved the parties' Joint Motion for Judgment Based on Compromise that was filed on 26 August 2011.

The 6,467,950,604 preferred shares were issued to the following:

One Bacolod Express Holdings, Inc.	1,609,359,778
Primera Commercio, Holdings, Inc.	4,858,590,825
	6,467,950,603

The Company continues to implement measures to reduce its operational expenses and, through the efforts of its outsourced service provider, consolidate all the records pertaining to the claim for reimbursement from the PRA.

Amount Spent on Development Activities

The amount spent on development activities during the last three (3) fiscal years and its percentage to revenues are as follows: (*Amounts in Thousands*)

As of	Amount	Total Revenue for the Period	% to Revenues
Dec. 31, 2013	P 0.0	P 0	0.0%
Dec. 31, 2012	0.0	0	0.0%
Dec. 31, 2011	0.0	15	0.0%

As of December 31, 2013, the Company has no employees and has outsourced its reportorial and compliance requirements to GSE Management Services, Inc. So far, the Company has no plans to hire employees in the ensuing twelve months.

As of the moment there are no major risks that the company and its subsidiary are involved in. The Company is currently discussing with PRA the details of its claims pursuant to the Amended JVA and the Supreme Court Decision.

Item 2. Properties

Cyber Bay Project

The Company's Cyber Bay Project encompasses 750 hectares involving the reclamation and development of an integrated and comprehensive urban township that is envisioned to be a 21st century metropolis. The reclamation project is located Southwest of Manila along Manila-Cavite Coastal Road, within the cities of Parañaque, Las Piñas and the municipality of Bacoor, Cavite. This project has been shelved due to the Supreme Court decision nullifying the JVA with the PRA.

In 1999, Cyber Bay settled part of its loans with the Philippine National Bank with a *Dacion en Pago* of its 10 Floors in the BA Lepanto Building, located along Paseo de Roxas, Makati City.

The Company has no other property holdings.

Transactions with and/or dependence on Related Parties

The Company's transaction with stockholders i.e. Italian-Thai (BVI) Development Co., Ltd., Prime Orion Philippines, Inc., and other stockholders consists mainly of non-interest bearing advances which were uses to finance the initial phase of the Cyber Bay Project.

The Company has no other transactions with related parties.

Item 3. Legal Proceedings

1. *Cyber Bay Corporation vs. Island Country Telecommunications, Inc. at the Regional Trial Court of Makati City, Branch 58, instituted on June 20, 2001*

   The Company owned three (3) floors of the BA Lepanto Building in Makati City. Island Country Telecommunications, Inc. (ICTI) was engaged in the operation of paging services. In 1996, ICTI leased the floors owned by the Company. ICTI failed to pay its rental obligation to the Company despite demands.

In a Decision dated 22 February 2008, the Regional Trial Court (RTC) of Makati, Branch 143 ruled in favor of the Company and ordered ICTI to pay the Company the following amounts:

a. ₱8,589,518.24 as arrears from the rented premises, i.e. 8th, 9th, and 14th floors with interest at 12% per annum from 25 September 2000 until the sum is fully paid;
b. ₱1,895,162.50 as rental for the 8th and 9th floors minus the security deposit or a total of ₱418,412.25 with interest at 12% per annum from 25 September 2000 until fully paid; and,
c. Costs of suit and ₱200,000.00 for attorneys fees.

From said Decision, ICTI filed its Notice of Appeal. In a Decision dated 29 September 2009, the Court of Appeals denied ICTI's appeal. The Decision of the RTC was affirmed with modification in that ICTI is ordered to pay the Company the following amounts:

a. ₱5,452,114.64 as rent arrears up to period of November 1998 with interest at 12% per annum from 25 September 2000 until the sum is fully paid; and
b. ₱418,412.50 as rent arrears for the period of 01 September 1999 to 15 December 1999 with interest at 12% per annum from 25 September 2000 until fully paid.

On 12 October 2009, ICTI filed a Motion for Partial Reconsideration which was denied by the Court of Appeals in its Resolution dated 28 January 2010. Consequently, the Decision became final and executory on 21 February 2010.

The Company filed a Motion for Issuance of Writ of Execution dated 25 June 2010 which was granted by the RTC on 02 July 2010. The Company is now in the process of enforcing the Writ of Execution. However, as of this date, the Company could not locate any property of ICTI for levy.

3. *Central Bay Reclamation and Development Corporation v. Philippine Reclamation Authority, instituted on 13 December 2010*

Central Bay filed a Petition for money claims with the Commission on Audit arising from a Joint Venture Agreement (JVA) entered into by the Public Estates Authority [PEA] (now the Philippine Reclamation Authority [PRA]) with Amari Coastal Bay Development Corporation (ACBDC) for the development of Three Islands (the "Reclamation Project") on 25 April 1995. By virtue of a Notice to Proceed issued by the PEA on 27 September 1996, Central Bay proceeded with the implementation of the Reclamation Project after having obtained presidential approval, all the government licenses, environmental and other permits and approvals necessary for the reclamation.

The Supreme Court declared the Amended JVA as null and void ab initio and after several Motions for Reconsideration denied by the Supreme Court, the decision of the Court became final and executory. Nevertheless, the Supreme Court decreed that the nullification of the JVA does not affect Central Bay's right to recover reimbursement from PEA (now PRA).

On 20 November 2009, the Company sent a letter to the PEA now PRA for the payment of approximately Php13.4 billion. This amount represents all costs, losses, liabilities, and expenses incurred by Central Bay computed as of September 2009 pursuant to the Amended JVA. In a letter dated 8 February 2010, PRA, through its former General Manager and CEO, Andrea D. Domingo, acknowledged that of the claims for reimbursement made by Central Bay, PRA was able to verify the total amount of Php1,004,439,048.45 as the amount due for reimbursement.

Thus, Central Bay filed a Petition with the COA to claim for reimbursement with the revised amount due totaling Php11,527,573,684.12 (down from the initial claim of Php13,385,972,469) and not merely Php1,004,439,048.45 as initially determined by the PRA. Considering that PRA has already validated and acknowledged Central Bay's claim for reimbursement in the amount of Php1,004,439,048.45, the only issue submitted to the COA is whether or not the other claims of

Central Bay which were initially found by PRA to be without sufficient basis are likewise rightful items for reimbursement in light of recognized government accounting standards.

On 03 February 2014, the Company received a letter from the PRA which states that in addition to the amount verified by your Reclamation Group of Php1,004,439,048.45, the Company is entitled to additional reimbursements in the amount of Php22,592,435.34. The Company shall seek reconsideration of this finding and prove that the Company is likewise entitled to claim for the additional amount of Php10,523,134,635.67, for the total amount of Php11,527,573,684.12 as reimbursements.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted during the period covered by this report to a vote of security holders through the solicitation of proxies or otherwise.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

(1) Market Information

The Company's common equity is traded at the Philippine Stock Exchange

Stock Prices

	High	Low
Fiscal Year 2011		
1st Quarter	P1.47	P0.68
2nd Quarter	P1.25	P0.92
3rd Quarter	P1.04	P0.67
4th Quarter	P0.87	P0.69
Fiscal Year 2012		
1st Quarter	P1.11	P0.76
2nd Quarter	P0.92	P0.76
3rd Quarter	P0.91	P0.79
4th Quarter	P0.88	P0.79
Fiscal Year 2013		
1st Quarter	P0.88	P0.71
2nd Quarter	P0.75	P0.49
3rd Quarter	P0.77	P0.50
4th Quarter	P0.62	P0.51

(2) Holders

The number of shareholders of record as of 31 December 2013 is Six Hundred Sixty (660) common shares outstanding as of the same period are Six Billion One Hundred Sixty Million (6,160,000,000) shares. The Closing Market price as of 27 December 2013 is P0.52.

Top 20 Stockholders
As of 31 December 2013

Name of Stockholder	Number of Shareholdings	Percentage to Total Equity
PCD NOMINEE CORPORATION (FILIPINO)	1,642,301,970.00	26.66
PRIMERA COMMERCIO HOLDINGS, INC.	1,462,000,000.00	23.73
GUOCO HOLDINGS (PHILS.), INC. (now PRIME ORION PHILIPPINES, INC.)	1,320,116,000.00	21.43
UCPB TA# 99-0196	1,000,000,000.00	16.23
PCD NOMINEE CORPORATION (NON-FILIPINO)	426,471,600.00	6.92
AMARI HOLDINGS CORPORATION	215,500,000.00	3.50
HLG CAPITAL PHIL., INC. ITF [MR. SOMBOON PATCHARASOPAK]	14,000,000.00	0.23
URBAN LEISURE AND DEVELOPMENT CORPORATION	12,000,000.00	0.19
ROGER C. ANG	9,000,000.00	0.15
KATHERINE MARIE YBANEZ SY	5,000,000.00	0.08
SEC ACCOUNT FAO: VARIOUS CUSTOMERS OF GUOCO SECURITIES (PHILIPPINES), INC.	4,129,324.00	0.07
WILLIAM L. PEREZ	3,470,000.00	0.06
BENITO KEH	2,500,000.00	0.04
PRIME ORION PHILIPPINES, INC.	2,318,995.00	0.04
ALEXANDER UY &/OR CHARLES UY	2,190,000.00	0.04
PLLIM INVESTMENTS, INC.	2,000,000.00	0.03
ROSA ALLYN G. SY	2,000,000.00	0.03
SONNY SY AGUINALDO	1,687,000.00	0.03
ALBERTO MENDOZA AND/OR JEANIE C. MENDOZA	1,518,000.00	0.02
SZE YE SE &/OR MARILYN T. SZE	1,500,000.00	0.02

(3) Dividends

No dividends were declared in 2013.

(4) Recent Sales of Unregistered Securities

There are no recent sales of unregistered securities of the Company within the past three (3) years.

Item 6. Management's Discussion and Analysis or Plan of Operation

Plan of Operation

Due to the Decision of the Supreme Court, which rendered a decision nullifying the Joint Venture Agreement (JVA) with the PEA, the Corporation has suspended all works and negotiations. The Company has exhausted almost all possible legal courses of action.

The Company through Central Bay filed a Petition with the COA to claim for reimbursement of the amount of Php11,527,573,684.12 and not merely Php1,004,439,048.45 as initially determined by the PRA. This is now pending.

At present, the Corporation is operating using funds sourced externally or advanced by its major stockholders.

There are no expected major purchases or sale of plant and equipment nor significant changes in the number of employees of the Corporation.

There were no material changes in financial condition and results of operation for each of the last three fiscal years.

- There are no known trends, demands, commitments, events or uncertainties that will have a material effect on the Corporation’s liquidity.
- There are no material commitments for capital expenditures.
- There are no significant elements of income or loss that did not arise from the Corporation’s operations.
- All expenses of the Corporation are current and the Corporation does not expect any direct or contingent financial obligation that is substantial or material.
- There are no seasonal aspects that have a material effect on the financial condition or results of operations.
- The Board and Management of the Corporation are continuously and actively looking for other projects and businesses that the Corporation may venture into. In the meantime, all project-related operations are still suspended.

The Corporations Top 5 key performance indicators/financial soundness indicators:

Performance Indicators	FORMULA	2013	2012
Current Ratio	Current Assets/Current Liabilities	0.383 : 1 614,653 / 1,602,766 In thousands	0.440 : 1 612,958 / 1,392,692 in thousands
Debt to Equity Ratio	Total Liabilities / Stockholders Equity	-1.622 : 1 1,602,766 / (987,953) In thousands	-1.789 :1 1,392,629 / (778,643) in thousands

Equity to Debt Ratio	Stockholders Equity / Total Liabilities	-0.616 : 1 (987,953) / 1,602,766 In thousands	-0.559 : 1 (778,643) / 1,392,629 in thousands
Book value per share	Stockholders Equity / Total number of shares	-0.145 : 1 (987,953) / 6,806,879 In thousands	-0.209 : 1 (778,643) / 6,806,879 in thousands
Income(Loss) per share	Net Income / Total number of shares	-0.031 : 1 (209,310) / 6,806,879 In thousands	-.0265 : 1 (180,259) / 6,806,879 in thousands

At present, there are no known trends, demands, commitments or uncertainties in the Company. All operational expenses of the Company are sustained by sourcing externally or advanced by its major stockholders.

All expenses of the company are current and the Company does not expect any direct or contingent financial obligation that is substantial or material.

Item 7. Financial Statements

The consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

External Audit Fees and Services

The aggregate fees billed and paid by the Company in favor of its External Auditors for Audit and Audit Related Fees is Three Hundred Sixty-Eight Thousand Eight Hundred Pesos (Php338,800.00) for the years 2012 and 2013. These fees comprise the audit and audit-related services rendered to the Company and its subsidiary.

Except for the fees indicated above, there were no tax fees or all other fees billed or paid to the Company's External Auditors for the last two (2) fiscal years.

The audit plan, including the corresponding audit fees, is submitted by the External Auditors to the Company's Audit Committee for review. The Audit Committee evaluates and approves the audit fees on the basis of reasonableness, scope of work and the prevailing market price for audit services in the industry. If the Audit Committee finds the audit plan and fees are in order, it is presented and recommended for final approval of the Board of Directors. In the event that other services aside from the audit of financial statements, the scope of and payment for the same are subject to review, evaluation and approval by the Board of Directors.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There are no changes in and disagreements with accountants on accounting and financial disclosure during the two most recent fiscal years.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Company

(1) <u>Directors and Executive Officers – Position/Other Directorships</u>

The present directors of the Company were elected during the Annual Stockholders Meeting held on 23 December 2013.

The directors serve for a term of one year until the election and acceptance of their qualified successors.

The list below includes the directorships/officerships held by the Company's present directors in other corporations. Most of these directorships/officerships have been held by the directors for the past five (5) years to the present.

Name	Age	Directorships in Other Companies	Citizenship	Business Experience for the Past Five Years
Oscar L. Paras Jr. Chairman Independent Director, November 2010 to December 2012	55	Soled Instyle Enterprises, Inc.	Filipino	Partner: Aguirre, Abano, Panfilo, Paras, Pineda & Agustin Law Offices Chief of Staff: Office of Monetary Board Member – Raul A. Boncan (until April 2010) Senior Consultant: Civil Aviation Authority of the Philippines (until December 2008) Senior Assistant General Manager: Manila International Airport Authority (until June 2008)
Raul G. Gerodias Director, December 2012 to present President, December 2012 to present	50	Citra Metro Manila Tollways Corporation AB Food and Beverages Phils. Inc. Kyani Philippines, Inc. Fujitsu Ten Corporation of the Philippines Kiden Development Corporation Diez Corporation TKG Corporation AB Food and Beverages Phils., Inc. ParexGroup Inc. ASC Phils., Inc. Fritz & Macziol Asia, Inc. ALK Holdings & Management, Inc. Pixiedust, Inc. The European Hair Factory, Inc. Continuitas Corporation Kyani Philippines, Inc. Kewalram Philippines, Inc. Elegant Infoventures, Inc. Unitel Productions, Inc.	Filipino	*President:* Alpha Point Property Holdings, Inc. AB Fiber Corp. AirMaverick Inc. Cyberbay Corporation Central Bay Reclamation and Development Corporation GSE Management Services, Inc. Terramino Holdings, Inc. Ateneo Law '88, Inc. *Trustee:* Community Waterhope Foundation, Inc. Ateneo Law Alumni Association, Inc. (ALAAI) *Corporate Information Officer & Compliance Officer:*

		Kwento Media, Inc. Merlin Information Systems Philippines, Inc. Adventure Bay Resort and Theme Park, Inc. Ashwell Holdings, Inc. Global Peak Holdings, Inc Tigerlion, Inc. Musungu, Inc. Kewalram Philippines, Inc. Terrabay Holdings, Inc. Terramino Holdings, Inc. Zoraymee Holdings, Inc. Assetvalues Holding Company, Inc. Philippine Bio-Ethanol & Energy Investment Corp. Hi-Frequency Telecommunication, Inc. Music Group Limited Music Group Services SG (Pte.) Ltd. MG Technology SG Pte. Ltd. Music Group Services US Inc. BEHRINGER USA, Inc. Music Group Commercial HK Limited Music Group Commercial PH Inc. Music Group Services EU GmbH Music Group Services JP K.K. Music Group IP Ltd. Zhongshan Eurotec Electronics Limited Zhongshan Eurotech Electronics Limited, Shenzen Music Group Macao Commercial Offshore Limited Music Group Macao Commercial Offshore Limited (Philippines) ROHQ Music Group Research UK Limited Music Group Services NV Inc. Behringer International Service Centre Limited TURBOSOUND, Ltd. Skytrooper Charter Phils., Inc. LIC Web Solutions, Inc.		Leisure & Resorts World Corporation *Resident Agent:* Music Group Macao Commercial Offshore Limited (Philippines) ROHQ Shinko Electric Industries Co., Ltd. *Corporate Secretary:* Fujitsu Die-Tech Corporation of the Philippines Fujitsu Ten Corporation of the Philippines Fujitsu Ten Solutions Philippines, Inc. Kiden Development Corporation Diez Corporation TKG Corporation Leisure & Resorts World Corporation AB Leisure Exponent, Inc. (Bingo Bonanza Corporation) AB Leisure Global, Inc. Harada Automotive Antenna (Philippines), Inc. Harada Phils. Development and Management, Inc. Universal Leaf Philippines, Inc. Unistar Land and Property Corporation Union Leaf Holdings Corporation One World Connections, Inc. Eco Fuel Land Development, Inc. Philippine Bio-Ethanol & Energy Investment Corp. I & Lu Tobacco Company, Inc. AB Food and Beverages Phils., Inc. Merlin Information Systems Philippines, Inc. DuPont Sustainable Solutions, Inc. DBA Coastal Training Philippines Corp. Teleaccess, Inc. ASC Phils., Inc. Unitel Productions, Inc. Straight Shooters Media, Inc. Engine Room Inc. Kwento Media, Inc. Adventure Bay Resort and Theme Park, Inc. Musungu, Inc. Healthwealth International Corp. Middleby Philippines Corporation Middleby Worldwide Phils., Inc. Macondray Finance Corporation Paragon Trading & Services Corporation

				Masagana Realty Co., Inc. Silver Finance, Inc. Silver CDO Finance, Inc. Five Star Finance Corporation Silver WDC Finance Corporation Silver Holdings Groups, Inc. Ashwell Holdings, Inc. Techno Holdings Corporation Technolux Equipment & Supply Corporation HKR Equipment Corporation The Turf Company, Inc. The Finix Corporation Steltz International, Inc. Geyser Global Sourcing Corporation Culinary Best Source, Inc. Createch Wellness Corp. A & L Equities, Inc. DACS Holdings, Inc. La Deca Farm Corporation LLF Farms, Inc. Ferrier Hodgson Philippines, Inc. FH Corporate Services, Inc. FH Asset Management Corp. Ferrier Hodgson Management Services, Inc.
Yuen Po Seng Director, 1993 to present	54	BIB Aurora Insurance Brokers, Inc. Central Bay Reclamation & Development Corp.* FLT Prime Insurance Corporation Genez Investments Corporation Guoco Assets (Philippines), Inc. Guoman Philippines Incorporated Hong Way Holdings, Inc. Lepanto Ceramics, Inc. Luck Hock Venture Holdings, Inc.* O.Y.L. Holdings, Inc.* OE Holdings, Inc. Orion Beverage, Inc. Orion I Holdings Philippines, Inc. Orion Land Inc. Orion Maxis Inc. Orion Property Development, Inc. Orion Solutions, Inc. Prime Orion Philippines, Inc. TPI Holdings Corporation Treasure-House Holdings Corporation Tutuban Properties, Inc. Hume Furniture (Philippines), Inc. Zeus Holdings, Inc. ZHI Holdings, Inc.	Malaysian	Chairman and President: Genez Investments Corporation Luck Hock Venture Holdings, Inc.* O.Y.L. Holdings, Inc.* Orion Solutions, Inc. Treasure-House Holdings Corporation ZHI Holdings, Inc. President: BIB Aurora Insurance Brokers, Inc. FLT Prime Insurance Corporation Guoco Assets (Philippines), Inc. Hong Way Holdings, Inc. Lepanto Ceramics, Inc. Orion I Holdings Philippines, Inc. Orion Maxis Inc. Prime Orion Philippines, Inc. Zeus Holdings, Inc. *inactive
Raul Tito A. Estrella	44	4D Global Group Inc. AB Fiber Corp. Airmaverick Inc.	Filipino	President: PDC Global PTY Ltd.

Director, 2011 to present		Assetvalues Holding Company, Inc. ALK Holdings & Management, Inc. Lic Web Solutions, Inc. Alpha Point Property Holdings, Inc. Countrybreeze Corporation Bergmann Hair, Inc. Evander Holdings Corporation Gracall International MNL, Inc. Grand Planters International, Inc. GSE Management Services, Inc. Hi-Frequency Telecommunication, Inc. Intelligent E-Solutions Holding Corp. Marbleslate Holdings, Inc. Pedalmax Holdings, Inc. Premium Plus Investment Holdings, Inc. Pixiedust Inc. Sequel Advertising, Inc. Skytrooper Charter Phils. Inc. Revenue Edge, Inc. Sequel Advertising, Inc. Taal Lake Land Holdings, Inc. Terramino Holdings, Inc.		Halfen-Moment Inc. (Chairman/President) Weldon Offshore Strategic Limited Incorporated(Chairman/President) Corporate Secretary: 4D Global Group Inc. Gracall International MNL, Inc. GSE Management Services, Inc. Terramino Holdings, Inc. Hi-Frequency Telecommunication, Inc. MTM Ship Management (Philippines) Inc. Taal Lake Land Holdings, Inc. Treasurer: Evander Holdings Corporation Resident Agent: PDC Global PTY LTD. Goltens Philippines
Evita C. Caballa Independent Director, October 2010 to present	49	Liberty Telecoms Holdings, Inc. Wi-Tribe Telecoms, Inc. (formerly Liberty Broadcasting Network Incorporated) Skyphone Logistics Inc. Silvertides Holdings Corporation Pacific Nickel Philippines, Inc. Philnico Industrial Corporation	Filipino	Corporate Secretary: Philippine Diamond Hotel and Resort Inc. Philippine Oriental Realty Development Inc. Bank of Commerce
Ricardo Jose G. Nicolas, III Independent Director, December 2012 to present	41	Roadworks, Inc. Independent Priority Trade, Inc.	Filipino	Chairman/President: Roadworks, Inc. President: Independent Priority Trade, Inc.
Cheryl S. Saldaña-de Leon Director, October 2010 to present Corporate Secretary and Compliance Officer, November 2010 to present	35	AB Fiber Corp. Central Bay Reclamation and Development Corporation Countrybreeze Corporation Elegant Infoventures, Inc. Music Group Limited Music Group Services SG (Pte.) Ltd. Behringer Macao Commercial Offshore Limited Music Group Services EU GmbH Music Group Commercial PH Inc. Pedalmax Holdings, Inc. Pook Ligaya Shell Inc. Privado Holdings Corp. Sealoch Holdings, Inc.	Filipino	Treasurer: Pook Ligaya Shell Inc. Music Group Commercial PH Inc. Somete Logistics & Development Corporation Tigerlion, Inc. Wiselink Investment Holdings, Inc. Corporate Secretary: AB Fiber Corp. Central Bay Reclamation and Development Corporation Globalpeak Holdings, Inc. Green Future Innovations, Inc. Music Group Commercial PH Inc.

		Smartventures Inc. Somete Logistics & Development Corporation Strategic Investment & Dev't. Holdings, Inc. The Designer Boulanger Philippines Corporation Tigerlion, Inc. Valhalla Investment & Dev't. Holdings, Inc. Weldon Offshore Strategic Limited Incorporated Wiselink Investment Holdings, Inc.		Privado Holdings Corp. Strategic Investment & Dev't. Holdings, Inc. Tigerlion, Inc. Terrabay Holdings, Inc. Valhalla Investment & Dev't. Holdings, Inc. Weldon Offshore Strategic Limited Incorporated Wiselink Investment Holdings, Inc. Assistant Corporate Secretary: Eagle Cement Corporation
Frederick G. Liong Director, December 2013 to present	35	Probegroup Philippines, Inc. Sealoch Holdings, Inc.	Filipino	
Mark Jayson E. Alapoop Director, April 2014 to present	25	Central Bay Reclamation and Dev't. Corp. Sealoch Holdings, Inc. Somete Logistics & Development Corporation Synergy Grid & Dev't. Philippines, Inc.	Filipino	Compliance Officer: Synergy Grid & Dev't. Philippines, Inc. Treasurer: Synergy Grid & Dev't. Philippines, Inc. Q-Tech Alliance Holdings, Inc. Central Bay Reclamation and Dev't. Corp.

** Independent Director*

Note: With the exception of Mr. Mark Jayson E. Alapoop who was elected on 08 April 2014 as a result of the resignation of Ms. Anna May B. Agustin, the directors of the Company were elected at the Annual stockholders' Meeting to hold office until the next annual meeting and until their respective successors have been elected and qualified.

(2) Significant Employees

The Company has no employees.

(3) Family Relationships

The directors, executive officers, or persons nominated or chosen by the Company to become directors or executive officers are not related up to the fourth civil degree either by consanguinity or affinity.

(4) Involvement in Certain Legal Proceedings

There has been no occurrence of any of the following events during the past five years up to the latest date that are material to an evaluation of the ability or integrity of any director, person nominated to become a director, executive officer or control person of the Company:

a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

b) Any conviction by final judgment, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities and;

d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Item 10. Executive Compensation

Information as to the aggregate compensation paid or accrued during the last two completed fiscal years and ensuing year to the Company's Chief Executive Officer and four most highly compensated executive officers

SUMMARY COMPENSATION TABLE

Year 2010-2012 Annual Compensation

Name and Principal Position	Year	Compensation	Bonuses	Other Compensation
Ramon S. Ang, Chairman and President prior to December 2012 **The Directors/Officers of the Company are not receiving any form of compensation	2012 2011 2010	N.A.	N.A.	N.A.

10.1 **Compensation of Directors**

(a) There is no standard arrangement pursuant to which directors of the Company are compensated or are to be compensated, directly or indirectly, for any services provided as a director, including any additional amounts payable for committee participation or special assignments, for the last completed fiscal year and the ensuing year.

(b) There are no other arrangements, including consulting contracts, pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuing year, for any service provided as a director.

There is no action to be taken with regard to the following:

(a) any bonus, profit sharing, or other compensation plan, contract or arrangement in which any director, nominee for election as a director, or executive officer of the Company will participate;

(b) any pension or retirement plan in which any person will participate; or

(c) granting or extension to any such person of any options, warrants or rights to purchase any securities, other than warrants or rights issued to security holders as such, on a pro rata basis.

Item 11. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners
(*As of 31 December 2013*)

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage of Ownership
Common	PCD Nominee Corp. (Filipino) 37/F Tower I The Enterprise Center 6766 Ayala Avenue cor. Paseo de Roxas, Makati City	*	Filipino	1,642,301,970	26.66%
Common	Primera Commercio Holdings, Inc. 7064 Wilson St., Pio Del Pilar, Makati City	Record Holder same as Beneficial Owner	Filipino	1,462,000,000	23.73%
Common	Prime Orion Philippines, Inc. [formerly Guoco Holdings (Phils.) Inc.] 14/F B.A. Lepanto Bldg., Paseo de Roxas, Makati City	Record Holder same as Beneficial Owner	Filipino	1,320,116,000	21.43%
Common	UCPB TA#99-0196 5/F Trust Banking Division, UCPB Bldg., Makati City *Stockholder*	Skysetts, Inc.	Filipino	1,000,000,000	16.23%
Common	PCD Nominee Corp. (Non-Filipino) 37/F Tower I, The Enterprise Center 6766 Ayala Avenue cor. Paseo de Roxas, Makati City *Stockholder*	*	Foreign	426,471,600	6.92%

** Citibank N.A., a beneficial owner under PCD Nominee Corporation holds 373,910,000 shares representing 6.07% of the Company's shares. There are no other beneficial owners under PCD Nominee Corporation which holds more than 5% shares in the Company.*

The following represent for each of the above named company:

1. Primera Commercio Holdings, Inc. - Jose A. Wingkee, Jr.
2. Prime Orion Philippines, Inc. - Yuen Po Seng
3. Skysetts, Inc. - Felicismo B. Billones and John Alejo A. Zarate

(2) Security Ownership of Management (Other than Nominees)
(*as of 31 December 2013)*

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage of Ownership
Common	Oscar L. Paras, Jr.	1 (direct) 30,000 shares (indirect)	Filipino	0.00002%

Common	Raul G. Gerodias	1 (direct) 0 (indirect)	Filipino	0.00002%
Common	Yuen Po Seng	5,001 shares (direct) 0 (indirect)	Malaysian	0.0001%
Common	Raul Tito A. Estrella	999 shares (direct) 0 (indirect)	Filipino	0.00002%
Common	Evita C. Caballa	200,000 shares (direct) 0 (indirect)	Filipino	0.003%
Common	Cheryl S. Saldaňa-de Leon	999 shares (direct) 0 (indirect)	Filipino	0.00002%
Common	Frederick G. Liong	1 (direct) 0 (indirect)	Filipino	0.00002%
Common	Ricardo Jose G. Nicolas, III	1 (direct) 0 (indirect)	Filipino	
Common	Anna May B. Agustin	1,000 (direct) 0 (indirect)	Filipino	0.00002%
Total		238,003 shares		0.004%

(3) Voting Trust Holders of 5% or More

There are no persons holding more than 5% of a class under a voting trust or similar agreement.

(4) Changes in Control

There are no arrangements, which may result in changes in control of Company, during the period covered by this Form 17-A.

Item 12. Certain Relationships and Related Transactions

There were no transactions or proposed transactions during the last two years, or proposed transactions, to which the Corporation was or is to be a party, in which any of the following persons had or is to have a direct or indirect material interest:

(a) Any director or executive officer of the Corporation;
(b) Any nominee for election as a director;
(c) Any security holder named above; and
(d) Any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the officers, directors, or a security holder of the Company.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The Company has submitted its revised Manual of Corporate Governance (the Manual) to the SEC and PSE in compliance with SEC Memorandum Circular No. 6 Series of 2009.

The Company has in place a performance evaluation system for corporate governance. The Compliance Officer regularly monitors and evaluates compliance by the Board of Directors with the Manual.

There are no major deviations from the Manual as of the date of this report.

The Board of Directors regularly reviews the Manual to ensure that the same remains relevant and is responsive to the needs of the organization.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-A

(1) **Exhibits –** See accompanying Index to Exhibits

(2) **Reports on SEC Form 17-C**

a. 01 May 2013 – Report on postponement of Annual Stockholders' Meeting
b. 31 October 2013 – Report on the Notice of Annual Stockholders' Meeting
c. 23 December 2013 – Report on the results of the Annual Meeting

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on the 10th day of April 2014.

OSCAR L. PARAS, JR.
Chairman

RAUL G. GERODIAS
President

MARK JAYSON E. ALAPOOP
Treasurer

Cheryl S. Saldaña-de Leon

CHERYL S. SALDAÑA-DE LEON
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 10th day of April 2014, affiants exhibiting to me the following:

Name	CTC/ Passport No. / SSS No. Date and Place of Issuance	Competent Evidence of Identity
Oscar L. Paras, Jr.		TIN 168-499-479
Raul G. Gerodias	CTC No. 27954349/01/09/2014/Pasig	TIN 129-434-349
Cheryl S. Saldana-de Leon	CTC No. 27954455/01/09/2014/Pasig	TIN 210-789-117
Mark Jayson E. Alapoop	SSS No. 34-2404961-5	

Doc. No. 18;
Page No. 5;
Book No. I;
Series of 2014.

ELAINE CHRISTINE K. OCAMPO-TAN
Notary Public for Pasig City
Commission until 31 December 2015
2404 Discovery Center, 25 ADB Ave., Ortigas Center, Pasig City
APPT No. 129 (2014-2015)/Roll No. 61169
PTR No. 9845659; 01/10/2014; Pasig City

CYBER BAY CORPORATION

Index to Financial Statements and Supplementary Schedules
Form 17-A, Item 7

COVER SHEET

S.E.C. Registration Number

CYBER BAY CORPORATION AND A SUBSIDIARY

(Company's Full Name)

GSE Management Services Inc.
Suite 2402 Discovery Centre
ADB Avenue, Ortigas Center
Pasig City

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

Contact Person	Company Telephone Number
Anna May Agustin	633-9757

12 31
Month *Day*

AAFS
FORM TYPE

Month *Day*
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

CYBER BAY CORPORATION AND A SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2013, 2012 and 2011

R.G. Manabat & Co.
The KPMG Center, 9/F
6787 Ayala Avenue
Makati City 1226, Metro Manila, Philippines

Telephone +63 (2) 885 7000
Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
E-Mail manila@kpmg.com.ph

Branches: Subic · Cebu · Bacolod · Iloilo

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Cyber Bay Corporation and a Subsidiary
GSE Management Services, Inc.
Suite 2402, Discovery Centre, ADB Avenue
Ortigas Center, Pasig City

We were engaged to audit the accompanying consolidated financial statements of Cyber Bay Corporation (the "Company") and a Subsidiary (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2013 and 2012, and the consolidated statements of comprehensive income, consolidated statements of changes in capital deficiency and consolidated statements of cash flows for each of the three years in the period ended December 31, 2013, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

We draw attention to Note 1 to the consolidated financial statements. Central Bay Reclamation and Development Corporation (the "Subsidiary") entered into a Contract with the Philippine Reclamation Authority ("PRA"), formerly Public Estates Authority, for the complete and entire reclamation and horizontal development of a portion of the Manila-Cavite Coastal Road and Reclamation Project (the "Project") and has made significant investments. On July 9, 2002, the Supreme Court declared that the Contract was null and void. The Subsidiary filed motions for reconsideration which were denied by the Supreme Court.

Due to the cessation of the Project, the Group failed to honor its loan commitments and has incurred significant losses from accumulating interests and penalties. The deficit as at December 31, 2013 and 2012 amounted to P10.9 billion and P10.7 billion, respectively. The Group's capital deficiency as at December 31, 2013 and 2012 amounted to P987.9 million and P778.6 million, respectively.

Despite declaring the contract null and void, the Supreme Court decision provides that the Subsidiary is not precluded from recovering from the PRA in the proper proceedings whatever costs the Subsidiary may have incurred in implementing the Contract prior to its declaration of nullity.

Pursuant to the Supreme Court's decision, the Group filed a claim for reimbursement with the PRA amounting to P11.5 billion, the realization of which is uncertain except for P1.0 billion which was verified and acknowledged in writing by the PRA. As at December 31, 2013 and 2012, the Subsidiary recognizes a receivable from PRA amounting to P611.8 million and the Project Development Cost of P3.0 billion which is fully provided with allowance for impairment.

On its annual stockholders meeting held on November 24, 2010, Cyber Bay Corporation secured approval and ratification of the issuance of shares as a result of the conversion of liabilities to equity relative to settlement of its outstanding obligations. The Securities and Exchange Commission has approved the confirmation of valuation in relation to the conversion of liabilities to equity on November 13, 2012.

Management intends to continue the Group's operations and utilize any reimbursement that it may obtain from the PRA to fund other business and development ventures. However, due to the uncertainty of the reimbursement, this cannot be assured. This raises significant doubt about the Group's ability to continue as a going concern.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we do not express an opinion on the consolidated financial statements referred to above.

R.G. MANABAT & CO.

TOMAS G. MAHINAY
Partner
CPA License No. 0024593
SEC PA Control No. A-653-A, Group A, valid until June 6, 2014
Tax Identification No. 121-597-818
BIR Accreditation No. 08-001987-21-2013
Issued May 9, 2013; valid until May 8, 2016
PTR No. 4225129MC
Issued January 2, 2014 at Makati City

April 8, 2014
Makati City, Metro Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **CYBER BAY CORPORATION** (Corporation) is responsible for the preparation and fair presentation of the financial statements of Cyber Bay Corporation and Subsidiary as of and for the years ended **December 31, 2013 and 2012**, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

KPMG Manabat Sanagustin & Co., CPAs, the independent auditors appointed by the Audit Committee and the stockholders, has audited the financial statements as of December 31, 2013 and 2012, and for each of the three years in the period ended December 31, 2013 in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

OSCAR L. PARAS, JR.
Chairman

RAUL G. GERODIAS
President

MARK JAYSON E. ALAPOOP
Treasurer

SUBSCRIBED AND SWORN TO before me this 8th day of April 2014, affiants exhibiting to me the following:

Name	Competent Evidence of Identity	Competent Evidence of Identity
Oscar L. Paras, Jr.		TIN 168-499-479
Raul G. Gerodias	CTC No. 27954349/01/09/2014/Pasig	TIN 129-434-349
Mark Jayson E. Alapoop	SSS No. 34-2404961-5	TIN 309-114-060

Doc No. 15;
Page No. 4;
Book No. I;
Series of 2014.

ELAINE CHRISTINE K. OCAMPO-TAN
Notary Public for Pasig City
Commission until 31 December 2015
2404 Discovery Center, 25 ADB Ave., Ortigas Center, Pasig City
APPT No. 129 (2014-2015)/Roll No. 61169
PTR No. 9845659; 01/10/2014; Pasig City
IBP No. 946273; 01/03/2014;Makati City

CYBER BAY CORPORATION AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	Note	December 31 2013	2012
ASSETS			
Current Assets			
Cash in banks	*13*	**P2,222**	P505
Receivables - net	*5, 13*	**611,850**	611,872
Prepaid income tax		**581**	581
Total Current Assets		**614,653**	612,958
Noncurrent Assets			
Project Development Cost:	*1, 6*		
Cost		**6,612,964**	6,612,964
Allowance for impairment in value		**(6,612,964)**	(6,612,964)
		-	-
Other noncurrent assets - net	*7, 13*	**160**	1,091
Total Noncurrent Assets		**160**	1,091
		P614,813	P614,049
LIABILITIES AND CAPITAL DEFICIENCY			
Current Liabilities			
Accounts payable and accrued expenses	*8, 13*	**P21,583**	P21,544
Due to related parties	*9, 13*	**1,581,183**	1,371,148
Total Current Liabilities		**1,602,766**	1,392,692
Capital Deficiency			
Capital stock	*10*	**6,970,081**	6,970,081
Additional paid-in capital	*10*	**2,902,073**	2,902,073
Deficit	*1*	**(10,860,107)**	(10,650,797)
Total Capital Deficiency		**(987,953)**	(778,643)
		P614,813	P614,049

See Notes to the Consolidated Financial Statements.

CYBER BAY CORPORATION AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

		Years Ended December 31		
	Note	**2013**	2012	2011
REVENUES				
Interest income		**P3**	P11	P1
EXPENSES				
Interest expense and penalties	*9*	**205,367**	177,909	152,974
General and administrative expenses	*11*	**2,744**	2,361	2,914
Impairment losses	*5, 7*	**1,202**	-	-
		209,313	180,270	155,888
LOSS BEFORE INCOME TAX		**(209,310)**	(180,259)	(155,887)
INCOME TAX EXPENSE	*12*	**-**	-	4,641
NET LOSS/TOTAL COMPREHENSIVE LOSS		**(P209,310)**	(P180,259)	(P160,528)
BASIC AND DILUTED LOSS PER SHARE	*14*	**(P0.031)**	(P0.026)	(P0.026)

See Notes to the Consolidated Financial Statements.

CYBER BAY CORPORATION AND A SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY

(Amounts in Thousands, Except Par Value and Number of Shares)

Years Ended December 31

		2013		2012		2011	
	Note	**Number of Shares**	**Amount**	Number of Shares	Amount	Number of Shares	Amount
PREFERRED STOCK							
Preferred stock - P0.10 par value							
Authorized		**7,000,000,000**		7,000,000,000		7,000,000,000	
Issued and outstanding							
Balance at beginning of year		**6,467,950,603**	**P646,795**	-	P -	-	P -
Issued during the year	*10*	**-**	**-**	6,467,950,603	646,795	-	-
Balance at end of year		**6,467,950,603**	**646,795**	6,467,950,603	646,795	-	-
COMMON STOCK							
Common shares - P1 par value							
Authorized		**7,300,000,000**		7,300,000,000		7,300,000,000	
Issued and outstanding							
Balance at beginning of year		**5,985,061,853**	**5,985,062**	5,338,183,000	5,338,183	5,338,183,000	5,338,183
Issued during the year	*9, 10*	**-**	**-**	646,878,853	646,879	-	-
Common shares at end of year		**5,985,061,853**	**5,985,062**	5,985,061,853	5,985,062	5,338,183,000	5,338,183
Subscribed shares (net of subscriptions receivable of P483,593)		**338,224,482**	**338,224**	338,224,482	338,224	338,224,482	338,224
Balance at end of year		**6,323,286,335**	**6,323,286**	6,323,286,335	6,323,286	5,676,407,482	5,676,407
			6,970,081		6,970,081		5,676,407
PAYABLES FOR CONVERSION TO EQUITY	*10*		**-**		-		646,879
ADDITIONAL PAID-IN CAPITAL							
Balance at beginning of year			**2,902,073**		577		577
Additions during the year			**-**		2,901,496		-
Balance at end of year	*10*		**2,902,073**		2,902,073		577
DEFICIT							
Balance at beginning of year			**(10,650,797)**		(10,470,538)		(10,310,010)
Net loss for the year			**(209,310)**		(180,259)		(160,528)
Balance at end of year			**(10,860,107)**		(10,650,797)		(10,470,538)
			(P987,953)		(P778,643)		(P4,146,675)

See Notes to the Consolidated Financial Statements.

CYBER BAY CORPORATION AND A SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

		Years Ended December 31		
	Note	**2013**	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		**(P209,310)**	(P180,259)	(P155,887)
Adjustments for:				
Interest income		**(3)**	(11)	(1)
Interest expense and penalties	*9*	**205,367**	177,909	152,974
Impairment losses	*5, 7*	**1,202**	-	-
Operating loss before working capital changes		**(2,744)**	(2,361)	(2,914)
Decrease (increase) in:				
Receivables		**14**	(15)	-
Prepaid income tax		**-**	(581)	-
Increase (decrease) in accounts payable and accrued expenses	*8*	**39**	(23)	(151,424)
Net cash absorbed by operations		**(2,691)**	(2,980)	(154,338)
Interest received		**3**	11	1
Income taxes paid		**-**	(4,641)	-
Net cash used in operating activities		**(2,688)**	(7,610)	(154,337)
CASH FLOW FROM AN INVESTING ACTIVITY				
Increase in other noncurrent assets		**(263)**	(196)	(240)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in due to related parties	*9*	**4,668**	15,221	156,282
Issuance cost paid	*10*	**-**	(9,083)	-
Net cash provided by financing activities		**4,668**	6,138	156,282
NET INCREASE (DECREASE) IN CASH IN BANKS		**1,717**	(1,668)	1,705
CASH IN BANKS AT BEGINNING OF YEAR		**505**	2,173	468
CASH IN BANKS AT END OF YEAR		**P2,222**	P505	P2,173

See Notes to the Consolidated Financial Statements.

1. Reporting Entity and Status of Operations

Cyber Bay Corporation (the "Parent Company") and its subsidiary, Central Bay Reclamation and Development Corporation ("Central Bay") [collectively referred to as the "Group"] were incorporated in the Philippines. The Parent Company is involved in real estate development (except real estate subdivision) and reclamation. Incorporated in 1989, the Parent Company has changed its name from First Lepanto Corporation to Guoco Land (Philippines), Inc. in 1994, to Centennial City Inc. in 1996, and to Cyber Bay Corporation in 2000. The registered office address of the Parent Company is GSE Management Services, Inc., Suite 2402, Discovery Centre, ADB Avenue, Ortigas Center, Pasig City.

On March 30, 1996, the Parent Company, Central Bay and certain of Central Bay's shareholders entered into a Memorandum of Agreement which involved the restructuring of the Parent Company and the consolidation of certain businesses and assets of the Parent Company and Central Bay.

The restructuring of the Parent Company entailed the transfer to Prime Orion Philippines, Inc. (POPI) of the Parent Company's investments in the following corporations: Tutuban Properties Inc., Guoco Property Development Inc., Manila Southcoast Development Corporation, Mandaue Resources and Realty Corporation, Luck Hock Venture Holdings, Inc., First Lepanto Ceramic Wares Inc. and First Lepanto Realty Inc. and the settlement of all intercompany liabilities relating to such corporations.

The business consolidation involved the issuance by the Parent Company of 4 billion shares of stock (with par value P1.00 per share) to certain Central Bay shareholders in exchange for 4.8 million Central Bay shares of stock (with par value of P100.00 per share) held by the Central Bay shareholders. Upon completion of the business consolidation, the Parent Company assumed full ownership of Central Bay, including the latter's Joint Venture Agreement (JVA) with the Philippine Reclamation Authority (PRA) (formerly Public Estates Authority) to reclaim three partially reclaimed and substantially eroded islands (the "Three Islands") with a total area of 750 hectares along Manila Bay (the "Project") as its new property core holding.

With the Project, the Parent Company is afforded a unique flagship waterfront development; at 750 hectares, it is intended to be a substantial fully integrated township that can spearhead the redevelopment of the Manila Bay in tandem with the government's progressive Bay City Development.

On the basis of a favorable opinion by the Office of the Government Corporate Counsel and the approval of the JVA by no less than the President of the Philippines at that time, President Fidel V. Ramos ("President Ramos"), the Subsidiary proceeded with the implementation of the Project after having obtained all the government licenses, environmental and other permits and approvals necessary for the reclamation.

On November 26, 1996 and after much have been spent on consultants, permits and mobilization works, the Senate Committee on Accountability of Public Officers and Investigations or more popularly known as the Blue Ribbon Committee, and the Committee on Government Corporations and Enterprises conducted an inquiry on the validity of the JVA. On December 2, 1996, President Ramos constituted a Presidential Fact-Finding Committee to look into the validity of the JVA. Likewise, on December 11, 1996, the House Committee on Good Government conducted its own inquiry on the JVA.

On February 28, 1997, the Presidential Fact-Finding Committee submitted its report to President Ramos. The Office of the President, acting on the recommendations of the Presidential Fact-Finding Committee, directed the PRA to clarify and reform such provisions in the JVA which give the impression of a sale or disposition of government property, in order to reflect the true intent and spirit of the JVA as a joint venture undertaking. On May 22, 1997, the House Committee on Good Government came out with the report of its inquiry upholding the validity of the JVA and finding it to be favorable or advantageous to the government.

On September 16, 1997, the Senate Committees announced their joint report and recommended the nullification of the JVA primarily on the ground that the reclaimed parcels of land form part of the public domain and cannot be disposed of by the PRA to private corporations.

As a result of the separate inquiries conducted by the Presidential Fact-Finding Committee and the relevant committees of the House of Representatives and the Senate on the validity of the JVA, specifically the report of the Senate dated September 16, 1997 which has far-reaching implications because it questions the title of all private reclamation developers over reclaimed parcels of land (not only along the Manila Bay area but also throughout the country), President Ramos constituted a Legal Task Force to look into the recommendations in the Senate Committees' report.

On December 5, 1997, the Presidential Legal Task Force submitted its report concurring with the findings of the Presidential Fact-Finding Committee and further concluded that the ownership and disposition of the reclaimed land are within the powers of the PRA, that the Three Islands may be conveyed freely to the Subsidiary without violating the Constitution or any statute, and that there is sufficient legal basis to uphold the JVA.

Pursuant to the directive of the Office of the President of the Philippines, and guided by the findings and recommendations of the Presidential Fact-Finding Committee and the Presidential Legal Task Force, the PRA and the Subsidiary conferred, and as a result, agreed to amend the JVA to clarify certain of its provisions and to enhance the Philippine Government's share and benefits from the Project.

On April 13, 1998, Mr. Antonio Zulueta, member of the Laban Ng Aksiyong Masang Makabayang Pilipino (LAMMP) legal panel, filed a petition before the Supreme Court seeking to nullify the JVA. The petition was dismissed in an *En Banc* decision "for unwarranted disregard of judicial hierarchy without prejudice to the refiling of the case before the proper court."

On April 27, 1998, Atty. Francisco Chavez (Petitioner), as a taxpayer, filed a Petition for Mandamus with Prayer for the Issuance of a writ of Preliminary Injunction and Temporary Restraining Order (TRO). The Petitioner prayed that the PRA publicly disclose the terms of any negotiation of the JVA. This was denied by the Supreme Court on June 22, 1999.

On June 11, 1998, PRA Chairman and General Manager Arsenio Yulo presented the renegotiated JVA to the Office of the President. In view of the fact that his term was about to end, President Ramos did not act on the matter. The subject was taken up in the last meeting of the cabinet of the Ramos Administration on June 23, 1998, which decided to withhold further action, in deference to the incoming Estrada Administration.

On March 30, 1999, the Amended JVA, which was negotiated once again by the appointees of President Joseph Ejercito Estrada, was executed and entered into by and between the Subsidiary and the PRA, subject to all the conditions set by the Government Corporate Monitoring and Coordinating Committee (which conditions have been complied with by the PRA), the Amended JVA was approved by the Office of the President and the Government Corporate Monitoring and Coordinating Committee, composed of the Executive Secretary, Secretary of Finance, Secretary of Budget and Management, Secretary of Trade and Industry, the National Economic Development Authority Director-General, the Government Corporate Counsel, the Presidential Management Staff and the Governor of the Bangko Sentral ng Pilipinas, on May 28, 1999, in a ceremonial signing in Malacañang witnessed by the representatives from both the House of Representatives and the Senate.

The Amended JVA under the Estrada Administration did not only address the constitutional issues raised by the September 16, 1997 Senate report. It further enhanced the government's benefits by giving the latter more land share in the Project, from a gross share of 48% to 51% (considered as one of the best sharing agreements entered into by the PRA). Further, the Amended JVA also entitled the PRA to regulatory and royalty fees, which were not present under the original JVA.

After having obtained all the aforementioned government approvals and endorsements under two Administrations and pursuant to the Amended JVA, the Parent Company and its Subsidiary conducted a review of all contracts and project plans in preparation for the resumption of a long delayed implementation of the Project. Preparations included the re-bidding of the dredging and reclamation contract, which were previously suspended. In addition, the Subsidiary urgently settled the squatters issue and incurred huge operational expenses in securing the cleared islands within the project site.

On May 24, 2000, an agreement was executed between the Subsidiary and the Parent Company whereby the latter assumed the performance of such obligations, undertakings and commitment of the Subsidiary under the Amended JVA with the PRA, effective December 1, 2000.

After having invested heavily into the above mentioned activities, not to mention the funds that were injected to run the operations of the Subsidiary, the Supreme Court, on July 9, 2002, promulgated its decision on the Chavez case, the dispositive portion of which reads as follows:

> "WHEREFORE, the petition is GRANTED. The Public Estates Authority and Amari Coastal Bay Development Corporation are PERMANENTLY ENJOINED from implementing The Amended Joint Venture Agreement which is hereby declared NULL and VOID *ab initio*."

Together with all the investors who relied on all prior government approvals, the Subsidiary disputed the Supreme Court's ruling for the following reasons:

- The Supreme Court's decision mentioned that the petition "is granted," but nowhere in the petition was the nullification of the Amended JVA requested. In fact, as mentioned above, the Zulueta case which asked for the nullification of the JVA was dismissed by the Supreme Court prior to the Chavez petition;

- PRA was created and granted the power to reclaim land and to own, develop, dispose and sell these reclaimed parcels of land to third parties, whether they be private corporations or individuals;

- Reclaimed parcels of land comprising the Manila-Cavite Coastal Road and Reclamation Project, otherwise known as Boulevard 2000 or Bay City, are actually private parcels of land of the PRA by virtue of applicable laws; and

- Even assuming that the Supreme Court insists that the private corporations cannot own reclaimed parcels of land, it should not have nullified the Amended JVA in its entirety because the Amended JVA, which is not a sale of submerged areas of the Manila Bay but a contract for the raw land reclamation and horizontal development of these submerged areas at the cost of the Subsidiary, allows the latter to be paid in cash instead of land. This payment option can only be found in the Central Bay - PRA Amended JVA and not found in any other existing PRA reclamation contracts.

On July 26, 2002, the Subsidiary filed its Motion for Reconsideration asking the Supreme Court to set aside its decision declaring null and void the amended JVA. In addition, the Subsidiary also filed a Supplemental Motion for Reconsideration and requested the Supreme Court to set the case for oral argument. Despite the ruling of the Supreme Court, the Subsidiary has no other recourse but to subject itself to the judicial system hoping that the Supreme Court will heed its plea and reverse its decision nullifying the Subsidiary's Amended JVA with the PRA. On May 6, 2003, the Supreme Court voted 8-5 with the majority denying with finality the Motion for Reconsideration filed by the Subsidiary.

Because the legal issues of the case are of paramount significance and considering that the Decision of July 9, 2002 affects not only the Central Bay-PRA Project, but all other reclamation projects elsewhere in the Philippines, the Subsidiary filed a Second Motion for Reconsideration on May 15, 2003.

In its Second Motion for Reconsideration, the Subsidiary raised the following arguments in support thereof:

a. Until the Decision of July 9, 2002, there was no law or judicial doctrine which states that reclaimed parcels of land are land of public domain and therefore cannot be alienated in favor of private corporations. The decision should therefore be given prospective and not retroactive effect.

b. The Resolution overlooked the contractual intent of the parties under the Amended JVA since there is neither transfer nor sale of reclaimed parcels of land to the Subsidiary under the Amended JVA. Under the Amended JVA, the Subsidiary can be paid in cash for undertaking the reclamation and development of the Project.

c. The Amended JVA provides for severability in case any provision is declared illegal. Even assuming *arguendo* that any part of the Amended JVA is found unconstitutional, Section 7.4 of the same stipulates that the provisions of the Amended JVA are separable, and that an invalidity of one provision will not affect its remaining valid parts.

In addition to clarifying the above issues, the Subsidiary reiterated its Motion to Set Case for Oral Arguments considering that the Resolution concedes to the existence of factual issues which the Subsidiary could properly address in a hearing on oral arguments.

In an *En Banc* Resolution dated June 10, 2003, the Supreme Court resolved to grant the Motion for Leave to Admit Attached Second Motion for Reconsideration of the Subsidiary and required the Petitioner to file the corresponding Comment thereon.

On November 20, 2003, the Subsidiary received the November 11, 2003 resolution of the Supreme Court with an even 7-7 vote.

In the said Resolution, the Supreme Court relied on a newspaper article entitled, "The Grandmother of All Scams," written by members of the Philippine Center for Investigative Journalism and took judicial notice of the September 1997 Senate Committee Report, making extensive reference to their findings of facts, devoting no less than 11 pages of the 24-page Resolution for the discussion of the same.

Unfortunately for the Subsidiary and its thousands of shareholders, the Supreme Court did not consider that condemning the Subsidiary and its Project with the PRA on the basis of newspaper accounts and taking judicial notice of the findings of facts in the Senate Report deprived the Subsidiary of its constitutional rights to due process and to be presumed innocent.

While the proper cases affecting former officers of Central Bay have been filed and dismissed in the Regional Trial Court, cases filed against certain PRA officials remain pending in the Sandiganbayan. By adopting the findings of facts of the Senate, where the Rules of Evidence do not apply as it even gags lawyers from arguing and defending their clients, the Supreme Court may have foisted a dangerous tenet against hapless civilians and in this case, all the innocent shareholders, who end up losing life, liberty or property, on a mere judicial notice of the supposed guilt of certain individuals.

While the rules generally prohibit more than one motion for reconsideration, the Subsidiary was constrained to file a Motion for Re-deliberation on December 5, 2003, if only to bring to force the constitutional implications of the November 11, 2003 Resolution.

On March 3, 2004, the Subsidiary received a resolution from the Supreme Court denying its Motion for Re-deliberation.

After failing to obtain a favorable decision from the Supreme Court despite answering all the issues raised in the Decision and Resolutions and after exhausting almost all possible legal courses of action, the Subsidiary remains in a quandary as to the following issues:

a. Central Bay's contract with the PRA was approved after two failed biddings in 1991, signed in 1995 by President Ramos to complete the Boulevard 2000 Master Plan, a showcase development for the Philippines.

   In 1997, the contract was renegotiated and amended with improved terms for the Philippine Government. The Amended JVA was first approved by President Ramos in 1998 and then by President Estrada in May 1999 after the same was reviewed by members of the Executive Department, Senate and House of Representatives.

On July 1, 1999, the entire Boulevard 2000 development project, including the Project covered by the Central Bay - PRA Amended JVA, was elevated to and included in the list of Flagship Projects for further implementation under the Estrada Administration.

When the Supreme Court nullified the Amended JVA in July 2002, the Decision totally disregarded the acts of the Executive Department and severely punished the private investors who relied on the Executive Department's representations, commitments and approvals.

The nullification puts in question the integrity of written contracts with the Government and leaves both public and private profile investors holding an empty bag with no clear sign of how their investments may be recouped.

b. While it is common practice that contracts provide for a "Separability Clause" to allow contracting parties to pursue their business objectives in the event a provision in an agreement contradicts certain laws or is unenforceable, the Supreme Court Decision and Resolutions totally disregarded this provision to the prejudice of the contracting parties.

c. The May 15, 2003 Resolution states that "The Decision does not bar private corporations from participating in reclamation projects and being paid for their services in reclaiming parcels of land."

   A perusal of the Amended JVA clearly shows that it is a reclamation and development contract where the Subsidiary can be paid in cash for reclaiming and developing the Project. Despite the parties' effort to explain the provisions of the Amended JVA and to show that the same is not a contract to purchase reclaimed parcels of land, it is most unfortunate that the Supreme Court refused to see it this way.

d. While the Subsidiary repeatedly asked the Supreme Court to allow it to orally argue the case to clarify and prove that its Amended JVA with the PRA is legal and enforceable like all the other reclamation contracts, it is unfortunate that the Supreme Court continuously denied the Subsidiary's request and, in its November 11, 2003 decision, condemned the Project on the basis of newspaper clippings and a Senate Report which contain allegations of graft and corruption not raised in any pleadings in the case.

e. The Petitioner of the case only requested that the terms and conditions of the ongoing renegotiations then be disclosed to the public. When the Supreme Court nullified the Amended JVA *ab initio* when such was not being petitioned, the Subsidiary was caught by surprise and was only able to present evidence on the legality of the Amended JVA on its Motion for Reconsideration since the same was not raised in the main petition.

The Parent Company has exhausted almost all possible legal courses of action and, despite the issues that are left unanswered, the Parent Company has to move on. In the meantime, the Subsidiary will request for a mutual consultation with the PRA to present its claims pursuant to the Amended JVA and to the Decision where the Supreme Court stated that "Despite the nullity of the Amended JVA, the Subsidiary is not precluded from recovering from the PRA in the proper proceedings, on a *quantum meruit* basis, whatever the Subsidiary may have incurred in implementing the Amended JVA, prior to its declaration of nullity."

The Subsidiary has spent a considerable amount on the Project which continues to be charged with interest costs. Without prejudice to any other rights and remedies to which the Parent Company may be entitled pursuant to the Amended JVA and/or the law, the claims for reimbursements must be submitted to the PRA.

The Parent Company and its Subsidiary plan to pursue the filing of the claims with the PRA for the reimbursements of the total Project development cost, Project-related receivables and the corresponding interest thereon.

On August 10, 2007, the Parent Company, in behalf of the Subsidiary, filed its claim for reimbursement with the PRA amounting to P10.2 billion for the initial payment of all costs, losses, liabilities and expenses computed as at December 31, 2006. On August 17, 2007, PRA requested for the details and supporting documents of the claims which the Parent Company complied with on September 5, 2007.

On July 15, 2008 the Parent Company requested for the status of the claim and on July 18, 2008, PRA responded and stated therein that PRA is still evaluating the claim and the supporting documents submitted by the Parent Company.

On November 20, 2009, the Parent Company sent a letter to the PRA for the payment of approximately P13.4 billion. This amount represents all costs, losses, liabilities, and expenses incurred by Central Bay computed as at September 2009 pursuant to the Amended JVA.

On February 8, 2010, the Subsidiary received a letter from PRA informing the Subsidiary that based on the books and records of PRA, the latter was able to verify a total amount of P1.0 billion of the Subsidiary's claims which are still subject to audit by Commission on Audit (COA). In this regard, the Subsidiary is directed to furnish PRA with the details/breakdown of the said amount duly certified including all supporting documents, official receipts and other proofs of payments as well as audited financial statements. The Subsidiary provided the documents requested on March 5, 2010. Management intends to cooperate with the PRA in order to process its claims.

On December 13, 2010, the Subsidiary filed a petition with the COA to claim for reimbursement with the revised amount of P11.5 billion (down from the initial claim of P13.4 billion) and not merely P1.0 billion as initially verified by the PRA. Considering that PRA has already validated and acknowledged the Subsidiary's claim for reimbursement amounting to P1.0 billion, the only issue submitted to the COA is whether or not the other claims are likewise rightful items for reimbursement. The Subsidiary and PRA panel engaged in weekly meetings and discussions from May to October 2011 in order to discuss and validate the Subsidiary's claim for reimbursement for project costs. The Subsidiary has submitted its final report to COA on November 8, 2011.

There were no updates received from PRA and COA with regards to the status of the claim for reimbursement. The Group is waiting for PRA and COA's comment as at December 31, 2013.
For the years 2013, 2012, and 2011, the Group, continues to reduce its operational expenses and, through the efforts of its limited personnel and utilizing very restricted resources, the Group was able to consolidate all the records pertaining to the Project from its local and foreign partners.

Due to the cessation of the Project, the Parent Company and its Subsidiary failed to honor their loan commitments and have incurred significant losses from accumulating interest costs and penalties. Net loss incurred for the years ended December 31, 2013, 2012 and 2011 amounted to P209.3 million, P180.3 million and P160.5 million, respectively. The deficit as at December 31, 2013 and 2012 amounted to P10.9 billion and P10.7 billion, respectively. The capital deficiency as at December 31, 2013 and 2012 amounted to P987.9 million and P778.6 million, respectively.

Despite the nullification of the Contract, management still intends to continue its operations and utilize any reimbursements that it may obtain from the PRA to fund other business and development ventures.

The ability of the Parent Company and its Subsidiary to continue as going concern entities will depend on the recoverability of the Subsidiary's claims for reimbursement from PRA and on the success of any business that the Parent Company and its Subsidiary may undertake. All of these matters indicate the existence of a material uncertainty which casts significant doubt about the ability of the Parent Company and its Subsidiary to continue as going concern entities.

2. Basis of Preparation

Statement of Compliance

The consolidated financial statements as at and for the years ended December 31, 2013 and 2012 refers to the consolidated financial statements of the Parent Company and its 100%-owned subsidiary, Central Bay Reclamation and Development Authority (the "Group"). The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS includes statements named PFRS, Philippine Accounting Standards (PASs), and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC), issued by the Financial Reporting Standards Council (FRSC).

The consolidated financial statements of the Group as at and for the year ended December 31, 2013 were approved and authorized for issuance by the Board of Directors (BOD) on April 8, 2014.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis of accounting.

Basis of Consolidation

A subsidiary is an entity controlled by the Parent Company. Control exists when an entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the Subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and any unrealized gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The consolidated financial statements are prepared for the same reporting period using uniform accounting policies for like transactions and other events in similar circumstances.

Functional and Presentation Currency
The consolidated financial statements are presented in Philippine peso, which is also the Parent Company's functional currency. All financial information presented in Philippine peso has been rounded off to the nearest thousand Philippine peso, except when otherwise indicated.

Use of Judgments, Estimates and Assumptions
The preparation of consolidated financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from such estimates.

Judgments, estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgment and estimates are revised and in any future periods affected.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgment apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determining Functional Currency
Based on the economic substance of the underlying circumstances relevant to the Parent Company, its functional currency has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Parent Company operates. It is the currency that mainly influences its expenses.

Estimates and Assumptions
The key estimates used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from these estimates:

Estimating Allowance for Impairment Losses on Receivables
The Group reviews the collectibility of its receivables and maintains an allowance for impairment losses on receivables at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Group based on available facts and circumstances that affect the collectibility of the accounts.

As at December 31, 2013 and 2012, the Group' allowance for impairment losses on receivables amounted to P128,053 and P128,045, respectively (see Note 5).
Estimating Allowance for Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that the carrying amount of an asset may be impaired. If such indication exists, the Group makes an estimate of the asset's recoverable amount. At the reporting date, the Group assesses 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.

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to the expected historical or projected future operating results;

- significant changes in the manner of use of the acquired assets or the strategy for overall business; and

- significant negative industry or economic trends.

As at December 31, 2013 and 2012, impairment losses on project development costs amounted to P6.6 billion (see Note 6). As at December 31, 2013 and 2012, impairment losses on non-recoverability of other noncurrent assets amounted to P3.05 million and P1.86 million (see Note 7).

Estimating Realizability of Deferred Tax Assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces the amounts to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group reviews its projected performance in assessing the sufficiency of future taxable income.

As at December 31, 2013 and 2012, the total amount of deductible temporary differences and unused tax losses for which deferred tax assets have not been recognized amounted to P14.3 billion (see Note 12).

Provisions
The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risks and uncertainties into account.

Contingencies
The Group currently has various legal claims. The Group's estimate of the probable costs for the resolution of these claims have been developed in consultation with its legal counsel handling the prosecution and defense of these cases and is based upon an analysis of potential results. The Group currently does not believe these legal claims will have a material adverse effect on its financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of strategies relating to these proceedings.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently by the Group to all years presented in these consolidated financial statements, except for the changes in accounting policies as explained below.

Adoption of New and Revised Standards, Amendments to Standards and Interpretations
The Group has adopted the following amendments to standards and interpretations starting January 1, 2013 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards and interpretations did not have any significant impact on the Group's consolidated financial statements.

- *Presentation of Items of Other Comprehensive Income (Amendments to PAS 1)*. The amendments: (a) require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss; (b) do not change the existing option to present profit or loss and other comprehensive income in two statements; and, (c) change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, an entity is still allowed to use other titles. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other PFRS continue to apply in this regard.

- *Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to PFRS 7).* These amendments include minimum disclosure requirements related to financial assets and financial liabilities that are: (a) offset in the statements of financial position; or (b) subject to enforceable master netting arrangements or similar agreements. They include a tabular reconciliation of gross and net amounts of financial assets and financial liabilities, separately showing amounts offset and not offset in the statements of financial position.

- PFRS 10, *Consolidated Financial Statements.* PFRS 10 introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees. An investor controls an investee when: (a) it is exposed or has rights to variable returns from its involvement with that investee; (b) it has the ability to affect those returns through its power over that investee; and (c) there is a link between power and returns. Control is re-assessed as facts and circumstances change. PFRS 10 supersedes PAS 27 (2008) *Consolidated and Separate Financial Statements* and Philippine Interpretation SIC-12 *Consolidation - Special Purpose Entities*.

- PFRS 12, *Disclosure of Interests in Other Entities*. PFRS 12 contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e., joint operations or joint ventures), associates and/or unconsolidated structured entities, aiming to provide information to enable users to evaluate: (a) the nature of, and risks associated with, an entity's interests in other entities; and (b) the effects of those interests on the entity's financial position, financial performance and cash flows.

- PFRS 13, *Fair Value Measurement*. PFRS 13 replaces the fair value measurement guidance contained in individual PFRS with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other PFRS. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

- *Annual Improvements to PFRSs 2009 - 2011 Cycle* - various standards contain amendments to five standards with consequential amendments to other standards and interpretations. The following are the said improvements or amendments to PFRS which are relevant and applicable to the Group, none of which has a significant effect on the consolidated financial statements of the Group:

- PAS 1 *Presentation of Financial Statements - Comparative Information beyond Minimum Requirements*. This is amended to clarify that only one comparative period - which is the preceding period - is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with PFRSs. For example, if an entity elects to present a third statement of comprehensive income, then this additional statement should be accompanied by all related notes, and all such additional information should be in accordance with PFRSs. However, the entity need not present: (a) other primary statements for that additional comparative period, such as a third statement of cash flows; or (b) the notes related to these other primary statements.

- PAS 1 - *Presentation of the Opening Statement of Financial Position and Related Notes*. This is amended to clarify that: (a) the opening statement of financial position is required only if there is: a change in accounting policy, a retrospective restatement or a reclassification with a material effect on the statements of financial position; (b) except for the disclosures required under PAS 8, notes related to the opening statement of financial position are no longer required; and (c) the appropriate date for the opening statement of financial position is the beginning of the preceding period, rather than the beginning of the earliest comparative period presented. This is regardless of whether an entity provides additional comparative information beyond the minimum comparative information requirements.

  The amendment explains that the requirements for the presentation of notes related to additional comparative information and those related to the opening statement of financial statements are different, because the underlying objectives are different. Consequential amendments have been made to PFRS 1 and PAS 34 *Interim Financial Reporting.*

- PAS 32, *Financial Instruments Presentation - Income Tax Consequences of Distributions*. This is amended to clarify that PAS 12, *Income Taxes*, applies to the accounting for income taxes relating to: (a) distributions to holders of an equity instrument; and (b) transaction costs of an equity transaction. This amendment removes a perceived inconsistency between PAS 32 and PAS 12. Before the amendment, PAS 32 indicated that distributions to holders of an equity instrument are recognized directly in equity, net of any related income tax. However, PAS 12 generally requires the tax consequences of dividends to be recognized in profit or loss. A similar consequential amendment has also been made to Philippine Interpretation IFRIC 2 *Members' Share in Co-operative Entities and Similar Instruments.*

Additional disclosure required by the above new and revised standards and amendments to standards were included in the consolidated financial statements, where applicable.

New and Revised Standards, Amendments to Standards and Interpretations Not Yet

Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013, and have not been applied in preparing these consolidated financial statements. Except as otherwise indicated, none of these are expected to have a significant effect on the consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- *Offsetting Financial Assets and Financial Liabilities (Amendments to PAS 32).* These amendments clarify that: (a) an entity currently has a legally enforceable right to set-off if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and (b) gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk and process receivables and payables in a single settlement process or cycle. These amendments are effective for annual periods beginning on or after January 1, 2014 and are to be applied retrospectively.

- *Recoverable Amount Disclosures for NonFinancial Assets (Amendments to PAS 36).* These narrow-scope amendments to PAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments clarified that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014. Earlier application is permitted for periods when the entity has already applied PFRS 13.

- PFRS 9, *Financial Instruments* (2009), PFRS 9, *Financial Instruments* (2010) and PFRS 9, *Financial Instruments* (2013). PFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under PFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

  PFRS 9 (2010) introduces additions relating to financial liabilities. PFRS 9 (2013) introduces the following amendments: (a) a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements; (b) changes to address the so-called 'own credit' issue that were already included in PFRS 9, *Financial Instruments* to be applied in isolation without the need to change any other accounting for financial instruments; and (c) removes the January 1, 2015 mandatory effective date of PFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

  The International Accounting Standards Board (IASB) is currently discussing some limited amendments to the classification and measurement requirements in IFRS 9 and is also discussing the expected credit loss impairment model to be included in IFRS 9. Once those deliberations are complete the IASB expects to publish a final version of IFRS 9 that will include all of the phases: Classification and Measurement; Impairment and Hedge Accounting. That version of IFRS 9 will include a new mandatory effective date.

The Group will assess the impact of the above new and revised standards, amendments to standards and interpretations on the consolidated financial statements upon adoption in their respective effective dates.

Financial Assets
Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of financial assets and financial liabilities, except for financial instruments measured at fair value through profit or loss (FVPL). Purchases or sales of financial assets are recognized on the settlement date.

Financial assets are classified into the following categories: financial asset at FVPL, loans and receivables, held-to-maturity (HTM) investments, and available-for-sale (AFS) financial assets. The Group determines the classification at initial recognition and where allowed and appropriate, re-evaluates such designation at every reporting date. The Group has not designated any financial assets as financial asset at FVPL, HTM investments or AFS financial assets.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale.

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition that are an integral part of the effective interest rate. The amortization is included as interest income in profit or loss. The losses arising from impairment of such loans and receivables are recognized in profit or loss.

The Group's cash in banks, receivables, receivables from related parties and miscellaneous deposits are included in this category.

Cash in banks is stated at its face value.

Financial Liabilities
Financial liabilities are classified into two categories: financial liabilities at FVPL and other financial liabilities. The Group determines the classification at initial recognition and where allowed and appropriate, re-evaluates such designation at every reporting date. The Group has not designated any financial liability at FVPL.
Other Financial Liabilities. This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations (e.g., accounts payable and accrued expenses, due to related parties) or borrowings (e.g., loans payable).

The liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

All of the Group's liabilities are classified as other financial liabilities.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements 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.

Derecognition of Financial Assets and 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 when the rights to receive cash flows from the asset have expired.

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

Impairment of Financial Assets
The Group assesses at each reporting date whether a financial asset or group of financial asset is impaired.

Assets Carried at Amortized Cost. The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for 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 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 a collective assessment for impairment.

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

If, in subsequent years, the amount of estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Project Development Cost
Project development cost consists of costs directly and clearly associated with the acquisition, development and construction of the Project, less any impairment in value. It includes project mobilization costs, billings from contractors for project and land development, payments to the PRA, borrowing costs incurred during the construction period, professional and legal fees, documentary stamps, foreign exchange losses and other expenses.

Impairment of Nonfinancial Assets
The carrying amount of project development cost and other assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the assets are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal while value in use is the present value of estimated future cash flows expected

to arise from the continuing use of an asset and from its disposal at the end of its useful life. 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 of continuing operations are recognized in profit or loss 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 amount 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, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Provisions

Provisions are recognized only when the Group has: (a) a present obligation (legal or constructive) as a result of past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. 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 interest expense. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Capital Stock

Common stock is classified as equity. Incremental costs directly attributable to the issuance of shares of common stock are recognized as a deduction from equity, net of any tax effects.

Additional Paid-in Capital

Additional paid-in capital represents the excess of consideration received over the par value of capital stock.

Deficit

Deficit represents the accumulative balance of net loss, prior period adjustments, effects of changes in accounting policy, and other capital adjustments.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

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

Expense Recognition

Expenses are recognized upon receipt of goods, utilization of services or at the date they are incurred.

Expenses are also recognized in the consolidated statements of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably has arisen. Expenses are recognized in the consolidated statements of comprehensive income on the basis of a direct association between costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statements of financial position as an asset.

Borrowing Costs

Borrowing costs are recognized as expenses when incurred, except to the extent capitalized. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized.

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity in other comprehensive income.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and the carryforward tax benefit of net operating loss carryover (NOLCO) and excess of minimum corporate income tax (MCIT). The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

Related Parties

Parties are considered 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. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

Earnings (Loss) Per Share

Basic EPS is computed by dividing the net income (loss) for the period attributable to equity holders of the Parent Company by the weighted average number of issued and outstanding common shares during the period, with retroactive adjustments for any stock dividends declared.

Diluted EPS is computed by adjusting the net income (loss) for the period attributable to equity holders of the Parent Company and the weighted average number of issued and outstanding common shares during the period, for the effects of all dilutive common shares.

The Group has no potential common shares with dilutive effect.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date
Any event after the reporting date that provides evidence of conditions that existed at the end of the reporting date (adjusting event) is recognized in the consolidated financial statements. Any event after the reporting date that is not an adjusting event is disclosed in the notes to the consolidated financial statements when material.

4. Financial Risk Management and Financial Instruments

The Group's activities are exposed to a variety of financial risk. These are credit risk, liquidity risk and interest rate risk. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group.

- Credit Risk
- Liquidity Risk
- Interest Rate Risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements, mainly in Note 13.

The Board of Directors (BOD) has the overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyze the risk faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit Risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash in banks and receivables. Management and its legal counsel believe that the receivable from PRA is collectible as the amount is supported by a Supreme Court decision (dated July 9, 2002), which provides for the reimbursement of expenses that directly benefited the PRA.

Liquidity Risk
Liquidity risk pertains to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to the possibility that adverse changes in the business environment and/or operations would result in substantially higher working capital requirements and the subsequent difficulty in financing additional working capital.

As discussed in Note 1, the ability of the Parent Company and the Subsidiary to continue as going concern entities will depend on the recoverability of the Group's claims for reimbursement from PRA and on the success of any business that the Group may undertake. The Group is in default of its loan obligations since October 1998.

The Group's financial liabilities as at December 31, 2013 and 2012 amounting to a total of P1.6 billion and P1.4 billion are currently due and demandable.

Interest Rate Risk
The Group's exposure to interest rate risk results from interest rate volatilities.

Capital Management
As discussed in Note 1 to the consolidated financial statements, significant events have occurred which indicate the existence of a material uncertainty which casts significant doubt about the ability of the Parent Company and its Subsidiary to continue as going concern entities. The ability of the Parent Company and its Subsidiary to continue as going concern entities will depend on the recoverability of the Group's claims for reimbursement from PRA and on the success of any business that the Group may undertake.

The Group monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to loans payable, accounts payable and accrued expenses and due to related parties. Capital comprises the capital stock, payable to stockholders for conversion to equity, additional paid-in capital and deficit.

The Group is not subject to externally-imposed capital requirements.

There were no changes in the Group's approach to capital management during the year.

5. Receivables

This account as at December 31, 2013 and 2012 consists of receivables from:

	Note	**2013**	2012
PRA	*1*	**P611,850**	P611,850
MCRP Construction Corporation		**114,460**	114,460
Tenants		**7,327**	7,327
Others		**6,247**	6,261
		739,884	739,898
Less allowance for impairment loss		**128,034**	128,026
	13	**P611,850**	P611,872

The above receivables are all currently due and demandable from the debtors.

The movements in allowance for impairment losses on receivables are as follows:

	2013	2012
Balance at beginning of year	**P128,026**	P 128,026
Provision for impairment loss	**8**	-
Balance at the end of year	**P128,034**	P128,026

No impairment loss was made on the Subsidiary's receivable from the PRA, which arose from claims for reimbursements of reclamation costs and expenses paid for by the Subsidiary in behalf of the PRA. Management and its legal counsel believe that the receivable is collectible as the amount is supported by a Supreme Court decision (dated July 9, 2002) which provides for the reimbursement of expenses that directly benefited the PRA (see Note 1).

6. Project Development Cost

This account as at December 31, 2013 and 2012 consists of:

Excess of acquisition cost over net assets of the Subsidiary	**P3,592,757**
Project Development Cost:	
Professional and legal fees	**1,128,566**
Project and land development costs	**1,107,434**
Capitalized interest and bank charges	**472,318**
Project mobilization costs	**254,736**
Input tax	**53,949**
Documentary stamp tax	**3,204**
	6,612,964
Less allowance for impairment in value of:	
Project development cost	**3,020,207**
Excess of acquisition cost over net assets of the Subsidiary	**3,592,757**
	6,612,964

	P -

The excess of the Parent Company's acquisition cost of the shares of stock of the Subsidiary over the net assets of the Subsidiary pertains to the unbooked appraisal increase pertaining to the Three Islands, as discussed in Note 1. This appraisal increase was based on an independent appraisers' report dated March 20, 1996. The Hypothetical Development Approach in valuing the property was used in the appraisal.

In prior years, certain reclamation costs, which were shown as part of "Project development cost" account, were offset against "Due to PRA" account, by virtue of the Supreme Court's nullification of the Project (see Note 1).

7. Other Noncurrent Assets

This account consists of:

	Note	**2013**	2012
Prepaid taxes		**P2,853**	P2,590
Receivables from related parties	*13*	**196**	196
Miscellaneous deposits	*13*	**140**	140
Others		**20**	20
		3,209	2,946
Less allowance for impairment losses		**3,049**	1,855
		P160	P1,091

Prepaid taxes consist of input taxes and tax refund.

The movements in allowance for impairment losses on other noncurrent assets are as follows:

	2013	2012
Balance at beginning of year	**P1,855**	P1,855
Provision for impairment loss	**1,194**	-
Balance at the end of year	**P3,049**	P1,855

8. Accounts Payable and Accrued Expenses

This account consists of:

	Note	**2013**	2012
Accrued expenses		**P14,552**	14,540
Payable to third party		**1,939**	P1,939
Trade payables		**644**	644
Withholding tax payable		**48**	21
Others		**4,400**	4,400

	13	**P21,583**	P21,544

The above payables are all currently due and demandable.

9. Related Party Transactions

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

Category	Year	*Ref*	Amount of Transaction	Outstanding Balances Due to Related Parties	Terms and	Conditions
Shareholders						
Prime Orion Philippines Inc. (POPI)						
Cash advance	**2013**		**P -**	**P6,968**	**Due and demandable;**	**Unsecured**
	2012		-	6,968	**interest bearing**	
Interest expense	**2013**	*a*	**1,896**	**7,570**		
	2012		1,654	5,674		
Other Shareholders						
Cash advance	**2013**		**-**	**31,850**	**Due and demandable;**	**Unsecured**
	2012		15,223	31,850	**interest bearing**	
Interest expense	**2013**	*a*	**203,471**	**1,528,092**		
	2012		176,255	1,324,62		
Primera Commercio Holding, Inc.						
Cash advance	**2013**	*b*	**4,668**	**4,667**	**Due and demandable;**	**Unsecured**
	2012		**-**	**-**	**non -interest bearing**	
Italian Thai						
Cash advance	**2013**		**-**	**2,036**	**Due and demandable;**	**Unsecured**
	2012		-	2,036	**non -interest bearing**	
	2013			**P1,581,183**		
	2012			P1,371,148		

a) Cash advances from POPI and other shareholders earn interest at a rate of 15% per annum, compounded annually until fully paid. The payment term which was stipulated in the Repayment Agreement for such advances are approved by the BOD on March 14, 2003. Interest expense incurred from the above cash advances amounted to P205,367, P177,909 and P152,974 in 2013, 2012 and 2011, respectively.

   At the option of the above stockholders, payment shall be settled and paid according to any or a combination of the following:

   - In cash by the Parent Company;

   - In common shares of the Parent Company, through the issue, at par value, by the Parent Company of new common shares. Under this option, the shareholder must exercise his right to convert the Project related payable into common shares of the Parent Company when the weighted average market price of the shares within 30 trading day period is at P0.95 or above, at a price approximate to the par value of the shares; and

   - Through assignment by the Parent Company of all its rights, titles and interest in and to any salable portion of the reclaimed land in the Project, as identified by the above stockholders and subject to the BOD's approval.

b) In 2013, advances from Primera were received by the Parent Company to support its operations and are payable on demand.

10. Capital Stock

The preferred shares may be issued in tranches or series, redeemable at the option of the Parent Company, non-voting, entitled to preferential and cumulative dividends at the rate not exceeding 12% per annum, and shall have such other rights, preferences, restrictions and qualifications consistent with By-laws and the Articles of Incorporation, as may be fixed by the BOD at the time of their issuance.

As a result of the conversion of payables to equity on November 13, 2012, the Parent Company issued the following shares in full settlement of payable to stockholders amounting to P647.0 million and loan payable amounting to P3.6 billion. The additional paid-in capital, net of direct transaction costs, amounted to P2.9 billion. Direct transaction costs for the issuance of shares amounted to P9.08 million.

The table below shows the equivalent number of common and preferred shares issued to the stockholders of the Parent Company in relation to the conversion of debt to equity:

	Number of Shares	
Stockholders	Common	Preferred
One Bacolod Express Holdings, Inc.	364,577,424	1,609,359,778
Primera Commercio Holding, Inc.	167,578,190	4,858,590,825
Cosco Land Corporation	56,132,206	-
David Go Securities Corporation	42,924,628	-
POPI	15,666,405	-
	646,878,853	**6,467,950,603**

In 2005, the BOD also approved the conversion to equity of the Parent Company's payable to POPI and Orion Land, Inc. (a wholly-owned Subsidiary of POPI) amounting to P44.5 million and P2.4 million, respectively, as partial payment for its subscriptions. As at December 31, 2013, there are no updates with regard to this transaction.

11. General and Administrative Expenses

This account consists of:

	2013	2012	2011
Professional fees	**P1,812**	P1,285	P2,099
Listing fee and filing fee	**504**	474	413
Supplies	**109**	164	27
Communication, light and water	**94**	257	172
Taxes and licenses	**29**	29	17
Bank charges	**9**	-	-
Travel and transportation	**-**	4	-
Others	**187**	148	186
	P2,744	P2,361	P2,914

"Others" include various penalties charged by SEC and various expenses relative to PRA claims and equity restructuring.

12. Income Taxes

The reconciliation of income tax expense computed at statutory income tax rate to income tax expense in profit or loss follows:

	2013	2012	2011
Loss before income tax	**(P209,310)**	(P180,259)	(P155,887)
Income tax benefit at statutory rate at 30%	**(P62,793)**	(P54,078)	(P46,766)
Reduction in (addition to) income tax benefit resulting from:			
Expiration of NOLCO	**61,193**	41,012	56,643
Movement in unrecognized deferred tax assets	**1,600**	13,068	(5,236)
Others	**-**	(2)	-
Income tax expense	**P -**	P -	P4,641

Deferred tax assets on the following deductible temporary differences and unused NOLCO have not been recognized as the Group may not have sufficient taxable income in the future to realize the benefits of the related deferred tax assets.

	2013	2012
Allowance for impairment in value and impairment losses on investment and receivables	**P6,986,380**	P6,986,380
Allowance for impairment of project development cost	**6,612,964**	6,612,964
NOLCO	**554,308**	550,175
Allowance for impairment losses of receivables	**128,034**	128,026
MCIT	**4,641**	4,641
Allowance for nonrecoverability of other noncurrent assets	**3,049**	1,855
	P14,289,376	P14,284,041

As at December 31, 2013, the composition of NOLCO that can be claimed as deduction from future taxable income is as follows:

Year Incurred	Amount Incurred	Expired During the Year	Remaining Balance	Year of Expiration
2010	P203,977	(P203,977)	P -	2013
2011	165,932	-	165,932	2014
2012	180,266	-	180,266	2015
2013	208,110	-	208,110	2016
	P758,285	(P203,977)	P554,308	

As at December 31, 2013, the Group has available MCIT amounting to P4,641,301 which can be offset against tax due until 2014.

13. Financial Instruments

Credit Risk

The aging of the Group's financial assets are subject to credit risk are as follows:

2013

	Gross Carrying Amount	**Neither Past Due nor Impaired**	**Past due but not Impaired**	**Overdue and Impaired**
Cash in banks	**P2,222**	**P2,222**	**P -**	**P -**
Receivables	**619,339**	**-**	**611,850**	**7,489**
Receivables from related parties	**196**	**-**	**-**	**196**
Miscellaneous deposits	**140**	**-**	**140**	**-**
	P621,897	**P2,222**	**P611,990**	**P7,685**

2012

	Gross Carrying Amount	Neither Past Due nor Impaired	Past due but not Impaired	Overdue and Impaired
Cash in banks	P505	P505	P -	P -
Receivables	619,339	-	611,857	7,482
Receivables from related parties	196	-	-	196
Miscellaneous deposits	140	-	140	-
	P620,180	P505	P611,997	P7,678

Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding impact of netting agreements:

		As at December 31, 2013				
	Note	**Carrying Amount**	**Contractual Cash Flow**	**6 Months or Less**	**6 - 12 Months**	**Over One Year**
Nonderivative Financial Liabilities						
Accounts payable and accrued expenses*	*8*	**P21,535**	**P21,535**	**P21,535**	**P -**	**P -**
Due to related parties	*9*	**1,581,183**	**1,581,183**	**1,581,183**	**-**	**-**

		P1,602,718	**P1,602,718**	**P1,602,718**	**P -**	**P -**

**Excluding withholding tax payable*

		As at December 31, 2012				
	Note	Carrying Amount	Contractual Cash Flow	6 Months or Less	6 - 12 Months	Over One Year
Nonderivative Financial Liabilities						
Accounts payable and accrued expenses*	*8*	P21,523	P21,523	P21,523	P -	P -
Due to related parties	*9*	1,371,149	1,371,149	1,371,149	-	-
		P1,392,672	P1,392,672	P1,392,672	P -	P -

**Excluding withholding tax payable*

Interest Rate Risk

As at December 31, 2013 and 2012, the interest rate profile of the Group's interest-bearing financial instruments pertains to loans payable from related parties. For the years ended December 31, 2013 and 2012, interest expense recognized on these loans payable amounted to P205.4 million and P177.9 million, respectively. As the Group loans payable bears fixed interest rate, it is not significantly exposed to fluctuation in market interest rates.

Fair Values

The carrying amount of financial assets and liabilities approximate their fair values due to the relatively short-term nature of these financial instruments. The Group is in default of its obligation rendering them due and demandable.

14. Basic and Diluted Loss Per Share

The following table represents information necessary to calculate loss per share:

	2013	2012	2011
Net loss (a)	**(P209,310)**	(P180,259)	(P160,528)
Weighted average number of shares (b)	**6,809,879**	6,809,879	6,160,000
Basic and diluted loss per share (a/b)	**(P0.031)**	(P0.026)	(P0.026)

As at December 31, 2013 and 2012 there are no dilutive debt or equity instruments.

15. Other Matter

The Subsidiary is contingently liable for lawsuits or claims filed by third parties and a creditor bank which are either pending decision by the Courts or are under negotiation. The outcome of these lawsuits/claims is not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements.

KPMG

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Board of Directors and Stockholders
Cyber Bay Corporation and a Subsidiary
GSE Management Services, Inc.
Suite 2402 Discovery Centre, ADB Avenue
Ortigas Center, Pasig City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cyber Bay Corporation and a Subsidiary (the "Group") as at and for the years ended December 31, 2013 and 2012, and have issued our report thereon dated April 8, 2014.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group's management.

- Schedule of Philippine Financial Reporting Standards
- Supplementary Schedules of Annex 68-E

This supplementary information is presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended, and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

R.G. MANABAT & CO.

TOMAS G. MAHINAY
Partner
CPA License No. 0024593
SEC PA Control No. A-653-A, Group A, valid until June 6, 2014
Tax Identification No. 121-597-818
BIR Accreditation No. 08-001987-21-2013
Issued May 9, 2013; valid until May 8, 2016
PTR No. 4225129MC
Issued January 2, 2014 at Makati City

April 8, 2014
Makati City, Metro Manila

CYBER BAY CORPORATION AND A SUBSIDIARY
SCHEDULE OF PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Consolidated Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics				
PFRSs Practice Statement Management Commentary				
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✔
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✔		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✔
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✔
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✔
	Amendments to PFRS 1: Government Loans			✔
PFRS 2	Share-based Payment			✔
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✔
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✔
PFRS 3 (Revised)	Business Combinations			✔
PFRS 4	Insurance Contracts			✔
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✔
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✔
PFRS 6	Exploration for and Evaluation of Mineral Resources			✔
PFRS 7	Financial Instruments: Disclosures	✔		
	Amendments to PFRS 7: Transition	✔		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✔		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✔		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✔		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✔		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✔		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✔	
PFRS 8	Operating Segments			✔
PFRS 9	Financial Instruments		✔	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✔	
PFRS 10	Consolidated Financial Statements	✔		
PFRS 11	Joint Arrangements			✔
PFRS 12	Disclosure of Interests in Other Entities	✔		
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✔
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✔
PFRS 13	Fair Value Measurement		✔	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✔		
	Amendment to PAS 1: Capital Disclosures	✔		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✔
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✔		
PAS 2	Inventories			✔
PAS 7	Statement of Cash Flows	✔		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✔		
PAS 10	Events after the Reporting Period	✔		
PAS 11	Construction Contracts			✔
PAS 12	Income Taxes	✔		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✔
PAS 16	Property, Plant and Equipment			✔
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			✔

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✔
PAS 29	Financial Reporting in Hyperinflationary Economies			✔
PAS 31	Interests in Joint Ventures (Superseded by PFRS 11)			✔
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			✔
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			✔
PAS 41	Agriculture			✔
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✔
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✔
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✔
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✔
IFRIC 6	Liabilities arising from Participating in a Specific Market -			✔

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
	Waste Electrical and Electronic Equipment			
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✔
IFRIC 9	Reassessment of Embedded Derivatives			✔
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✔
IFRIC 10	Interim Financial Reporting and Impairment			✔
IFRIC 12	Service Concession Arrangements			✔
IFRIC 13	Customer Loyalty Programmes			✔
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✔
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement			✔
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✔
IFRIC 17	Distributions of Non-cash Assets to Owners			✔
IFRIC 18	Transfers of Assets from Customers			✔
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✔
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✔
IFRIC 21	Levies			✔
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			✔
Philippine Interpretations Committee Questions and Answers				
PIC Q&A 2006-01	PAS 18, Appendix, paragraph 9 - Revenue recognition for sales of property units under pre-completion contracts			✔
PIC Q&A 2006-02	PAS 27.10(d) - Clarification of criteria for exemption from presenting consolidated financial statements			✔
PIC Q&A 2007-01-Revised	PAS 1.103(a) - Basis of preparation of financial statements if an entity has not applied PFRSs in full			✔
PIC Q&A 2007-03	PAS 40.27 - Valuation of bank real and other properties acquired (ROPA)			✔
PIC Q&A 2007-04	PAS 101.7 - Application of criteria for a qualifying NPAE			✔

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
PIC Q&A 2008-01-Revised	PAS 19.78 - Rate used in discounting post-employment benefit obligations			✔
PIC Q&A 2008-02	PAS 20.43 - Accounting for government loans with low interest rates under the amendments to PAS 20			✔
PIC Q&A 2009-01	Framework.23 and PAS 1.23 - Financial statements prepared on a basis other than going concern			✔
PIC Q&A 2009-02	PAS 39.AG71-72 - Rate used in determining the fair value of government securities in the Philippines			✔
PIC Q&A 2010-01	PAS 39.AG71-72 - Rate used in determining the fair value of government securities in the Philippines			✔
PIC Q&A 2010-02	PAS 1R.16 - Basis of preparation of financial statements	✔		
PIC Q&A 2010-03	PAS 1 Presentation of Financial Statements - Current/non-current classification of a callable term loan			✔
PIC Q&A 2011-01	PAS 1.10(f) - Requirements for a Third Statement of Financial Position			✔
PIC Q&A 2011-02	PFRS 3.2 - Common Control Business Combinations			✔
PIC Q&A 2011-03	Accounting for Inter-company Loans			✔
PIC Q&A 2011-04	PAS 32.37-38 - Costs of Public Offering of Shares			✔
PIC Q&A 2011-05	PFRS 1.D1-D8 - Fair Value or Revaluation as Deemed Cost			✔
PIC Q&A 2011-06	PFRS 3, Business Combinations (2008), and PAS 40, Investment Property - Acquisition of Investment properties - asset acquisition or business combination?			✔
PIC Q&A 2012-01	PFRS 3.2 - Application of the Pooling of Interests Method for Business Combinations of Entities Under Common Control in Consolidated Financial Statements			✔
PIC Q&A 2012-02	Cost of a New Building Constructed on the Site of a Previous Building			✔
PIC Q&A 2013-01	Applicability of SMEIG Final Q&As on the Application of IFRS for SMEs to Philippine SMEs			✔
PIC Q&A 2013-03	PAS 19 - Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law			✔

CYBER BAY CORPORATION AND SUBSIDIARY
AGING OF ACCOUNTS RECEIVABLE
Amounts in Thousands
As of December 31, 2013

	Total	**1 Month**	**2 Months**	**3 Months**	**4 Months& Over**	**Past Due Accounts & Items in Litigation**
a. Trade Receivables						
1 Tenants	7,327					7,327
Less: Allowance	(7,327)					(7,327)
Net Trade Receivables	-	-	-	-	-	-
b. Non-Trade Receivables						
2 Public Estates Authority	611,850				611,850	
3 MCRP Construction Corp.	114,460				114,460	
4 Others	6,247				6,247	
Less: Allowance	(120,707)				(120,707)	
Net Non-Trade Receivables	611,850	-	-	-	611,850	-
TOTAL RECEIVABLES	611,850	-	-	-	611,850	-

Type of Receivable	**Nature / Description**	**Collection Period**
1 Tenants	Trade receivables from tenants	Under Litigation
2 Public Estates Authority	Intercompany Receivables	
3 MCRP Construction Corp.	Intercompany Receivables	
4 Others		

CYBER BAY CORPORATION
SCHEDULES TO FINANCIAL STATEMENTS
Amounts in Thousands

Schedule K. Capital Stock

Title of Issue	No. of shares authorized	No. of shares issued and outstanding	No. of shares reserved for options, warrants convertion and others	No. of shares held by affiliates	Directors, officers and employees	Others
Preferred	7,000,000	6,467,951				6,467,951
Common	7,300,000	6,806,879			239,002	6,567,877
TOTAL	**14,300,000**	**13,274,830**	**-**	**-**	**239,002**	**13,035,828**

CYBER BAY CORPORATION
SCHEDULES TO FINANCIAL STATEMENTS
Amounts in Thousands

Schedule I. Indebtedness to Affiliates and Related Parties

Name of Affiliate	Balance December 31, 2012	Balance December 31, 2013
Primera Commercio Holdings, Inc.		4,667
Italian Thai (BVI) Int'l.	2,036	2,036
POPI	12,642	14,538
Other Shareholders	1,356,470	1,559,942
TOTAL	**1,371,148**	**1,581,183**

Schedule J. Guarantees of Securities of Other Isssuers

Name of Issuing entity of Securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of Guarantee
	Not Applicable			

CYBER BAY CORPORATION
SCHEDULES TO FINANCIAL STATEMENTS
Amounts in Thousands

Schedule G. Other Assets

Description	Balance December 31, 2012	Additions at Cost	Charged to cost and expense	Charged to other accounts	Other Changes	Balance December 31, 2013
Pre-operating Expenses						-
Deferred Charges						-
Miscellaneous Deposit	140					140
Input Tax	1,384	263				1,647
Prepaid Expenses	1,206					1,206
Others	216			-		216
Allow for non recoverability	(1,855)				(1,194)	(3,049)
TOTAL	**1091**	**263**	**0**	**0**	**-1194**	**160**

Schedule H. Long Term Debt

Title of Issue and type of Obligation	Amount authorized	Current portion of Long Term Debt	Amount shown in Balance Sheet
Not Applicable			
TOTAL	-	-	-

CYBER BAY CORPORATION
SCHEDULES TO FINANCIAL STATEMENTS
Amounts in Thousands

Schedule E. Property, Plant and Equipment

Classification	Balance December 31, 2012	Additions at Cost	Retirements	Other Changes	Balance December 31, 2013
Transportation Equipment	-				-
Office Equipment	-	Not Applicable			-
Furniture & Fixtures	-				-
Office Improvements	-				-
TOTAL	**-**	**-**	**-**	**-**	**-**

Schedule F. Accumulated Depreciation

Description	Balance December 31, 2012	Additions charged to expense	Retirements	Other Charges	Balance December 31, 2013
Transportation Equipment	-				-
Office Equipment	-	Not Applicable			-
Furniture & Fixtures	-				-
Office Improvements	-				-
TOTAL	**-**	**-**	**-**	**-**	**-**

CYBER BAY CORPORATION
SCHEDULES TO FINANCIAL STATEMENTS
Amounts in Thousands

Schedule C. Non-Current Marketable Equity Securities, Other Long-Term Investment in Stocks, and Other Investments

Name of issuing entity	Number of shares principal amount	Amount in pesos	Equity in earnings (losses of investees) for the period	Other	Distribution of earnings by investees	Other	Number of shares principal amount	Amount in pesos	Dividends Received not accounted for by the equity method
		Not Applicable							

Schedule D. Indebtedness of Unconsolidated Subsidiaries and Affiliates

Name of Affiliates	Balance December 31, 2012	Balance December 31, 2013
TOTAL	**0**	**0**

CYBER BAY CORPORATION
SCHEDULES TO FINANCIAL STATEMENTS
Amounts in Thousands

Schedule A. Marketable Securities

Name of Issuing entity and asssociation of each issue	Number of shares or rincipal aamounts of bond	Amount shown in balance sheet	Income received and accrued
	Not Applicable		

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders

Name and Designation of debtor	Balance December 31, 2012	Additions	Amounts Collected	Amounts written off	Current	Not Current	Balance December 31, 2012
MCRP Construction Corp.	114,460						114,460
Tenants	7,327						7,327
Others	6,261		14				6,247
Allowance for doubtful accounts	(128,026)			(8)			(128,034)
TOTAL	**22**	**-**	**14**	**(8)**	**-**	**-**	**-**