

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, 2014
2. SEC Identification Number
165539
3. BIR Tax Identification No.
320000157237
4. Exact name of issuer as specified in its charter
CYBER BAY CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
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
N/A
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
COMMON	6,806,878,853
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:
PHILIPPINE STOCK EXCHANGE / 6,160,000,000 COMMON SHARES
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)

Yes No

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

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

PHP3,018,400,000

**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

CONSOLIDATED AND SEPARATE (PARENT) AFS FOR THE YEAR ENDED 31
DECEMBER 2014

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

N/A

(c) Any prospectus filed pursuant to SRC Rule 8.1

N/A

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

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, 2014
Currency (indicate units, if applicable)	PHILIPPINE PESO

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2014	Dec 31, 2013
Current Assets	615,608,000	614,653,000
Total Assets	616,004,000	614,813,000
Current Liabilities	1,842,571,000	1,602,766,000
Total Liabilities	1,842,571,000	1,602,766,000
Retained Earnings/(Deficit)	-11,098,721,000	-10,860,107,000
Stockholders' Equity	-1,226,567,000	-987,953,000
Stockholders' Equity - Parent	711,523,664	949,939,759
Book Value per Share	-0.18	-0.14

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2014	Dec 31, 2013
Operating Revenue	0	0
Other Revenue	5,000	3,000
Gross Revenue	5,000	3,000
Operating Expense	2,447,000	2,744,000
Other Expense	236,172,000	206,569,000
Gross Expense	238,619,000	209,313,000
Net Income/(Loss) Before Tax	-238,614,000	-209,310,000

Income Tax Expense	0	0
Net Income/(Loss) After Tax	-238,614,000	-209,310,000
Net Income/(Loss) Attributable to Parent Equity Holder	0	0
Earnings/(Loss) Per Share (Basic)	-0.4	-0.35
Earnings/(Loss) Per Share (Diluted)	-0.4	-0.35

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2014	Dec 31, 2013
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	0.33	0.38
Quick Ratio	(Current Assets - Inventory - Prepayments) / Current Liabilities	0.33	0.38
Solvency Ratio	Total Assets / Total Liabilities	0.33	0.38
Financial Leverage Ratios			
Debt Ratio	Total Debt/Total Assets	2.99	2.61
Debt-to-Equity Ratio	Total Debt/Total Stockholders' Equity	-1.5	-1.62
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	0	0
Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	-0.5	-0.6
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 Statements as of 31 December 2014 and Separate Financial Statements as of 31 December 2014 as well as the ACGR for the year 2014.

Filed on behalf by:

Name	Cheryl De Leon
Designation	Compliance Officer

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 2014**
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** **1605**
Ortigas Center, Pasig City Postal Code
Address of principal office
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. Php3,018,400,000.00 (Based on closing market price of Php0.49 on 29 December 2014)

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Company's 2014 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 Comercio, 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
	<u>646,878,853</u>

(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 Comercio 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 Comercio, Holdings, Inc.	4,858,590,825
	<u>6,467,950,603</u>

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, 2014	P 0.0	P 0	0.0%
Dec. 31, 2013	0.0	0	0.0%
Dec. 31, 2012	0.0	15	0.0%

As of December 31, 2014, 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 used 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.

Central Bay had several several meetings with the PRA Panel to reconcile the accounts and provide supporting data for its claim for reimbursement.

After the validation process, which was concluded in October 2011, the PRA, in a letter dated 03 February 2014 signed by its incumbent General Manager and CEO Peter Anthony A. Abaya, informed Central Bay that PRA has verified an additional amount for reimbursement equivalent to Twenty-Two Million Five Hundred Ninety-Two Thousand Four Hundred Thirty-Five and 34/100 Pesos (Php22,592,435.34), bringing the total amount validated by PRA to One Billion Twenty-Seven Million Thirty-One Thousand Four Hundred Eighty-Three and 79/100 Pesos (Php1,027,031,483.79).

PRA, through the OGCC, subsequently filed its Answer to the COA Petition. Central Bay has requested for additional time to file its Reply on or before 31 May 2015.

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

	<u>High</u>	<u>Low</u>
Fiscal Year 2012		
1 st Quarter	P1.11	P0.76
2 nd Quarter	P0.92	P0.76
3 rd Quarter	P0.91	P0.79
4 th Quarter	P0.88	P0.79
Fiscal Year 2013		
1 st Quarter	P0.88	P0.71
2 nd Quarter	P0.75	P0.49
3 rd Quarter	P0.77	P0.50
4 th Quarter	P0.62	P0.51
Fiscal Year 2014		
1 st Quarter	P0.69	P0.47
2 nd Quarter	P0.98	P0.60
3 rd Quarter	P0.69	P0.55
4 th Quarter	P0.59	P0.48

(2) Holders

The number of shareholders of record as of 31 December 2014 is Six Hundred Fifty-Five (655) 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 29 December 2014 is P0.49.

**Top 20 Stockholders
As of 31 December 2014**

Name of Stockholder	Number of Shareholdings	Percentage to Total Equity
PCD NOMINEE CORPORATION (FILIPINO)	1,950,594,140	31.367
PRIMERA COMMERCIO HOLDINGS, INC.	1,462,000,000	23.510
GUOCO HOLDINGS (PHILS.), INC. (now PRIME ORION PHILIPPINES, INC.)	1,320,116,000	21.229
UCPB TA# 99-0196	1,000,000,000	16.081
AMARI HOLDINGS CORPORATION	215,500,000	3.465
PCD NOMINEE CORPORATION (NON-FILIPINO)	118,866,600	1.911
DAVID GO SECURITIES CORPORATION	43,531,468	0.700
PRIME ORION PHILIPPINES, INC.	17,985,404	0.289
HLG CAPITAL PHIL., INC. ITF [MR. SOMBOON PATCHARASOPAK]	14,000,000	0.225
URBAN LEISURE AND DEVELOPMENT CORPORATION	12,000,000	0.193
ROGER C. ANG	9,000,000	0.145
KATHERINE MARIE YBANEZ SY	5,000,000	0.080
SEC ACCOUNT FAO: VARIOUS CUSTOMERS OF GUOCO SECURITIES (PHILIPPINES), INC.	4,129,324	0.066
WILLIAM L. PEREZ	3,470,000	0.056
BENITO KEH	2,500,000	0.040
ALEXANDER UY &/OR CHARLES UY	2,190,000	0.035
PLLIM INVESTMENTS, INC.	2,000,000	0.032
ROSA ALLYN G. SY	2,000,000	0.032
SONNY SY AGUINALDO	1,687,000	0.027
ALBERTO MENDOZA AND/OR JEANIE C. MENDOZA	1,518,000	0.024

(3) Dividends

No dividends were declared in 2014.

(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	2014	2013
Current Ratio	Current Assets/Current Liabilities	0.334 : 1 615,608 / 1,842,571 In thousands	0.383 : 1 614,653 / 1,602,766 In thousands
Debt to Equity Ratio	Total Liabilities / Stockholders Equity	-1.502 : 1 1,842,571 / (1,226,567) In thousands	-1.622 : 1 1,602,766 / (987,953) In thousands

Equity to Debt Ratio	Stockholders Equity / Total Liabilities	-0.666 : 1 (1,226,567) / 1,842,571 In thousands	-0.616 : 1 (987,953) / 1,602,766 In thousands
Book value per share	Stockholders Equity / Total number of shares	-0.180 : 1 (1,226,567) / 6,806,879 In thousands	-0.145 : 1 (987,953) / 6,806,879 In thousands
Income(Loss) per share	Net Income / Total number of shares	0.035 : 1 (238,614) / 6,806,879 In thousands	-0.031 : 1 (209,310) / 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 Pesos (Php368,000.00) for the years 2013 and 2012. 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) Directors and Executive Officers – Position/Other Directorships

The present directors of the Company were elected during the Annual Stockholders Meeting held on 22 December 2014.

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 Chairman, December 2012 to present	56	Soled Instyle Enterprises, Inc.	Filipino	<i>Partner:</i> Aguirre, Abano, Panfilo, Paras, Pineda & Agustin Law Offices <i>Chief of Staff:</i> Office of Monetary Board Member – Raul A. Boncan (until April 2010) <i>Senior Consultant:</i> Civil Aviation Authority of the Philippines (until December 2008) <i>Senior Assistant General Manager:</i> Manila International Airport Authority (until June 2008)
Raul G. Gerodias Director, December 2012 to present President, December 2012 to present	51	Fritz & Macziol Asia, Inc. ParexGroup Inc. Kyani Philippines, Inc. Globalpeak Holdings, Inc. The European Hair Factory, Inc. Kewalram Philippines, Inc. Elegant Infoventures, Inc., Hi-Frequency Telecommunication, Inc. Metro Promo Concepts Corp. Zoraymee Holdings, Inc. Terrabay Holdings, Inc. MUSIC Group Limited MUSIC Group Commercial BM Ltd. MUSIC Group Services SG (Pte.) Ltd. MUSIC Group Services US Inc. MUSIC Group Services EU GmbH MUSIC Group Commercial HK Limited MUSIC Group Services JP K.K. MUSIC Group Macao Commercial	Filipino	<i>Chairman:</i> ALK Holdings and Management, Inc. Skytrooper Charter Phils., Inc. AirMaverick Inc <i>President & Chairman:</i> GSE Management Services, Inc., Terramino Holdings, Inc. Alpha Point Property Holdings, Inc. AB Fiber Corp. <i>President:</i> Central Bay Reclamation and Development Corporation Pixiedust, Inc. Continuitas Corporation <i>Treasurer and Corporate Secretary:</i> Swiss Sense Worldwide, Inc.

	<p>Offshore Limited Music Group Macao Commercial Offshore Limited (Philippines) ROHQ MUSIC Group Commercial PH Inc. MUSIC Group Services NV Inc. MUSIC Group IP Ltd. MUSIC Group Research UK Limited Turbosound Ltd.,Behringer International Service Centre Limited, Zhongshan Eurotec Electronics Limited Zhongshan Eurotec Electronics Limited (Shenzhen Branch) MUSIC Group Commercial BM Ltd. (Philippines) ROHQ and Music Group Services PH Corp. (PEZA)</p> <p>Board of Trustees: Community Waterhope Foundation, Inc. Ateneo Law Alumni Association, Inc.</p>	<p><i>Director and Treasurer:</i> Swiss Sense, Inc.</p> <p><i>Director and Corporate Secretary:</i> AB Food and Beverages Phils. Inc. Fujitsu Ten Corporation of the Philippines Kiden Development Corporation Diez Corporation TKG Corporation ASC Phils., Inc. Unitel Productions, Inc. Quento Media, Inc. Merlin Information Systems Philippines, Inc., TD Outsourcing Philippines, Inc. Adventure Bay Resort and Theme Park, Inc. Ashwell Holdings, Inc. Musungu, Inc. Assetvalues Holding Company, Inc. Philippine Bio-Ethanol & Energy Investment Corp.</p> <p><i>Corporate Information Officer & Compliance Officer:</i> Leisure & Resorts World Corporation</p> <p><i>Resident Agent:</i> Music Group Macao Commercial Offshore Limited (Philippines) ROHQ Shinko Electric Industries Co., Ltd.</p> <p><i>Corporate Secretary:</i> AB Leisure Exponent, Inc. (Bingo Bonanza Corporation) AB Leisure Global, Inc. Fujitsu Die-Tech Corporation of the Philippines Fujitsu Ten Solutions Philippines, 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 UUU Realty Holdings, Inc. One World Connections, Inc. Eco Fuel Land Development, Inc. I & Lu Tobacco Company, Inc. Coastal Training Philippines Corp. DBA DuPont Sustainable Solutions Teleaccess, Inc.</p>
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				<p>Straight Shooters Media, Inc. Healthwealth International Corp. Middleby Philippines Corporation Middleby Worldwide Phils., Inc. Ferrier Hodgson Philippines, Inc. FH Corporate Services, Inc. FH Asset Management Corp. Ferrier Hodgson Management Services, Inc. FTI Consulting Administrative Services, 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.</p>
Yuen Po Seng Director, 1993 to present	55	<p>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</p>	Malaysian	<p><i>Chairman and President:</i> Genez Investments Corporation Luck Hock Venture Holdings, Inc.* O.Y.L. Holdings, Inc.* Orion Solutions, Inc. Treasure-House Holdings Corporation ZHI Holdings, Inc.</p> <p><i>President:</i> 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.</p>

		Treasure-House Holdings Corporation Tutuban Properties, Inc. Hume Furniture (Philippines), Inc. Zeus Holdings, Inc. ZHI Holdings, Inc.		*inactive
Raul Tito A. Estrella Director, 2011 to present	45	AB Fiber Corp. Airmaverick Inc. ALK Holdings & Management, Inc. Alpha Point Property Holdings, Inc. Assetvalues Holding Company, Inc. Bergmann Hair, Inc. Citra Metro Manila Tollways Corporation Countrybreeze Corporation Evander Holdings Corporation Gracall International MNL, Inc. Grand Planters International, Inc. GSE Management Services, Inc. Halfen-Moment Inc. (Director/President) Hi-Frequency Telecommunication, Inc Intelligent E-Solutions Holding Corp. Lic Web Solutions, Inc. Marbleslate Holdings, Inc. PDC Asia-Pacific Inc. (formerly 4D Global Group Inc.) Pedalmax Holdings, Inc. Premium Plus Investment Holdings, Inc. Pixiedust Inc. Sequel Advertising, Inc. Skytrooper Charter Phils. Inc. Taal Lake Land Holdings, Inc Terramino Holdings, Inc.	Filipino	<i>President:</i> PDC Global PTY Ltd. Halfen-Moment Inc. (Chairman/President) Weldon Offshore Strategic Limited Incorporated (Chairman/President) Sunshore Holdings Corporation (Chairman/President) <i>Corporate Secretary:</i> PDC Asia-Pacific Inc. (formerly 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. Terramino Holdings <i>Treasurer:</i> Evander Holdings Corporation <i>Resident Agent:</i> Goltens Philippines PDC Global PTY Ltd.
Evita C. Caballa Independent Director, October 2010 to present	50	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 South Western Cement Corp.	Filipino	<i>Corporate Secretary:</i> 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	42	Roadworks, Inc. Independent Priority Trade, Inc.	Filipino	<i>Chairman/President:</i> Roadworks, Inc. <i>President:</i> Independent Priority Trade, Inc.
Cheryl S. Saldaña-de Leon	36	AB Fiber Corp. AUEnergy, Inc.	Filipino	<i>Treasurer:</i> Pook Ligaya Shell Inc.

<p>Director, October 2010 to present</p> <p>Corporate Secretary and Compliance Officer, November 2010 to present</p>		<p>Central Bay Reclamation and Development Corporation DHI Group Inc. 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. 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.</p>		<p>Music Group Commercial PH Inc. Somete Logistics & Development Corporation Tigerlion, Inc. Wiselink Investment Holdings, Inc.</p> <p><i>Corporate Secretary:</i> AB Fiber Corp. Central Bay Reclamation and Development Corporation DHI Investment, Inc. DHI Group Inc. Ecofuel Land Development Inc. Globalpeak Holdings, Inc. Green Future Innovations, Inc. Music Group Commercial PH Inc. Privado Holdings Corp. Strategic Investment & Dev't. Holdings, Inc. Somete Logistics & Dev't. Corp. Tigerlion, Inc. Terrabay Holdings, Inc. Valhalla Investment & Dev't. Holdings, Inc. Weldon Offshore Strategic Limited Incorporated Wiselink Investment Holdings, Inc.</p> <p><i>Assistant Corporate Secretary:</i> Eagle Cement Corporation</p>
<p>Frederick G. Liong Director, December 2013 to present</p>	36	<p>Canvas People, Inc. Central Bay Reclamation and Dev't. Corp. Clasique Car Restoration, Inc. Probegroup Philippines, Inc. Sealoch Holdings, Inc. Somete Logistics & Development Corporation</p>	Filipino	<p><i>Corporate Secretary:</i> Canvas People, Inc. Clasique Car Restoration, Inc. Three Salcedo Condominium Corporation 2011-2013</p>
<p>Mark Jayson E. Alapoop Director, April 2014 to present</p>	26	<p>Central Bay Reclamation and Dev't. Corp. Q-Tech Alliance Holdings, Inc. Sealoch Holdings, Inc. Somete Logistics & Development Corporation Synergy Grid & Dev't. Philippines, Inc.</p>	Filipino	<p><i>Compliance Officer:</i> Synergy Grid & Dev't. Philippines, Inc.</p> <p><i>Treasurer:</i> Synergy Grid & Dev't. Philippines, Inc. Q-Tech Alliance Holdings, Inc. Central Bay Reclamation and Dev't. Corp.</p>

* *Independent Director*

(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
The Directors/Officers of the Company are not receiving any form of compensation	2014 2013 2012	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 2014)

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	1,950,594,140	31.37%
Common	Primera Comercio Holdings, Inc. 7064 Wilson St., Pio Del Pilar, Makati City	Record Holder same as Beneficial Owner	Filipino	1,462,000,000	23.51%
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	1,338,101,404	21.72%
Common	UCPB TA#99-0196 5/F Trust Banking Division, UCPB Bldg., Makati City <i>Stockholder</i>	Skysetts, Inc.	Filipino	1,000,000,000	16.23%

* There are no 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 Comercio 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 2014)

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	0.00010%
Common	Raul Tito A. Estrella	999 shares (direct) 0 (indirect)	Filipino	0.00002%
Common	Evita C. Caballa	200,000 shares (direct) 0 (indirect)	Filipino	0.00300%
Common	Cheryl S. Saldaña-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	0.00002%
Common	Mark Jayson E. Alapoop	1 (direct) 0 (indirect)	Filipino	0.00002%
Total		237,004 shares		0.00400%

(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

Please refer to the attached ACGR.

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. 30 May 2014 – Report on postponement of Annual Stockholders' Meeting
 - b. 30 October 2014 – Report on the Notice of Annual Stockholders' Meeting
 - c. 22 December 2014 – 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 2015.


OSCAR L. PARAS, JR.
Chairman


RAUL G. GERODIAS
President

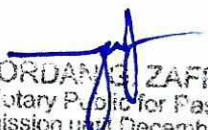

MARK JAYSON E. ALAPOOP
Treasurer


CHERYL S. SALDAÑA-DE LEON
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 10th day of April 2015, 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	

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 Page No. 51
 Book No. 11
 Series of 2015.


JORDAN G. ZAFRA
 Notary Public for Pasig
 Commission until December 2015
 2404 Discovery Center, 25 ADS Ave., Origas Center, Pasig City
 APPT No. 241 (2014-2015) / Roll No. 63431
 PTR. No. 454422; 01/31/2015, Pasig City
 IBP No. 978929; 01/05/2015, Manila IV

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

<i>Consolidated Financial Statements</i>	<i>Page No.</i>
<i>Statement of Management's Responsibility for Financial Statements</i>	21
<i>Report of Independent Public Accountants</i>	24-25
<i>Consolidated Statements of Financial Position as of December 31, 2014 and December 31, 2013</i>	27
<i>Consolidated Statements of Comprehensive Income for the Year Ended December 31, 2014, the Year Ended December 31, 2013 and the Year Ended December 31, 2012</i>	28
<i>Consolidated Statements of Changes in Capital Deficiency</i>	29
<i>Consolidated Statement of Cash Flows</i>	30
<i>Notes to Consolidated Financial Statements</i>	31-53 (1-22)
<i>Schedules to Financial Statements</i>	54-67



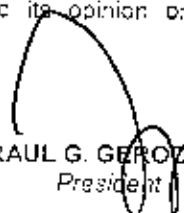
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR SEPARATE FINANCIAL STATEMENTS**

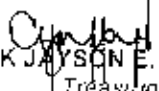
The management of **CYBER BAY CORPORATION** (Corporation) is responsible for the preparation and fair presentation of the financial statements of Cyber Bay Corporation as of and for the years ended December 31, 2014 and 2013, including the additional components attached therein, in accordance with the 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.

R.G. Manabat & Co., the independent auditors appointed by the Audit Committee and the stockholders, has audited the financial statements as of December 31, 2014 and 2013, and for each of the three years in the period ended December 31, 2014 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. ALAPDOP
Treasurer

SUBSCRIBED AND SWORN TO before me this 25th day of March 2015, 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. 34586425 issued on 01/30/2015 in Pasig City	TIN 129-434-349
Mark Jayson E. Alapdop	SSS No. 34-2404951-5	

Doc No. 10
Page No. 24
Book No. 18
Series of 2015.


SER MONINA M. LAGNAN
Notary Public for Pasig
Commission until December 2015
204 Discovery Center, 25 ADB Ave., Ortigas Center, Pasig City
APPT No. 131 (2014-2015); Roll No. 60480
PTR. No 454483; 01/31/2015; Pasig City
IBP Lifetime Member No. 011585; 02/19/2013; Manila City

CYBER BAY CORPORATION

204 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City, 1504 Philippines
Telephone no. (02) 636-6000 / 636-9757 • Facsimile no. (02) 637-2467

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 6 5 5 3 9

Company Name

C Y B E R B A Y C O R P O R A T I O N

Principal Office (No./Street/Barangay/City/Town)Province)

G | S | E | M | a | n | a | g | e | m | e | n | t | S | e | r | v | i | c | e | s | I | n | c .
S | u | i | t | e | 2 | 4 | 0 | 2 | D | i | s | c | o | v | e | r | y | C | e | n | t | r | e
A | D | B | A | v | e | n | u | e , O | r | t | i | g | a | s | C | e | n | t | e | r
P | a | s | i | G | C | i | t | y

Form Type

A A F S

Department requiring the report

Secondary License Type, if
Applicable

COMPANY INFORMATION

Company's Email Address

Company's Telephone Number/s

Mobile Number

No. of Stockholders

Annual Meeting
Month/Day

Fiscal Year
Month/Day

December 31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Mark Jayson E. Alapoop

Email Address

mark@gslawfirm.com

Telephone
Number/s

633-9757

Mobile Number

Contact Person's Address

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

CYBER BAY CORPORATION

SEPARATE FINANCIAL STATEMENTS
December 31, 2014 and 2013



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

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Fax +63 (2) 894 1995
Internet www.kpmg.com.ph
E-Mail ph-inquiry@kpmg.com

Branches: Subic - Cebu - Bacolod - Iloilo

REPORT OF INDEPENDENT AUDITORS

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

Report on the Separate Financial Statements

We were engaged to audit the accompanying separate financial statements of Cyber Bay Corporation (“Parent Company”), which comprise the separate statements of financial position as at December 31, 2014 and 2013, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of separate 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 separate financial statements based on our audits. Because of the matter 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 separate financial statements. The Parent Company’s wholly-owned Subsidiary, Central Bay Reclamation and Development Corporation (“Central Bay”), 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. However, the Supreme Court declared that the Contract was null and void. Central Bay filed motions for reconsideration which were denied by the Supreme Court.

Due to the cessation of the Project, the Parent Company failed to honor its loan commitments and incurred significant losses from accumulating interests and penalties. The accumulated deficit as at December 31, 2014 and 2013 amounted to P9.2 billion and P8.9 billion, respectively. The equity as at December 31, 2014 and 2013 amounted to P0.71 billion and P0.95 billion, respectively.



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

Pursuant to the Supreme Court's decision, the Parent Company 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, 2014 and 2013, Central Bay recognized a receivable from the PRA amounting to P0.6 billion, without any allowance for impairment losses as the management assessed this to be fully recoverable and Project Development Cost of P3.0 billion which is fully provided with allowance for impairment.

As at December 31, 2014 and 2013, the Parent Company has an investment in and receivable from a subsidiary amounting to P9.5 billion, of which only P6.9 billion allowance for impairment has been provided. The investment in and receivable from a subsidiary is considered to be fully impaired since the subsidiary is in capital deficiency position amounting to P4.7 billion as at December 31, 2014 and 2013 and the recoverability of its assets is uncertain.

Management's plan to the Parent Company highly depends on the collection and recoverability of the Subsidiary's receivable from the PRA. To date, the collectability of this receivable is still uncertain.

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 separate financial statements referred to above.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

We were engaged for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 13 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such information is the responsibility of management. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraphs, it is inappropriate to and we do not express an opinion on the information referred to above.

R.G. MANABAT & CO.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

SEC Accreditation No. 1386-A, Group A, valid until February 5, 2017

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-31-2013

Issued December 2, 2013; valid until December 1, 2016

PTR No. 4748126MC

Issued January 5, 2015 at Makati City

March 25, 2015

Makati City, Metro Manila

CYBER BAY CORPORATION
SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	<i>Note</i>	2014	2013
ASSETS			
Current Assets			
Cash in banks	4	P3,176,646	P2,222,038
Receivables - net	5	-	-
Total Current Assets		3,176,646	2,222,038
Noncurrent Assets			
Investment in and receivables from a subsidiary - net	4, 6	2,538,149,026	2,537,972,468
Other noncurrent assets - net	4, 7	396,274	159,882
Total Noncurrent Assets		2,538,545,300	2,538,132,350
		P2,541,721,946	P2,540,354,388
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	4, 8	P9,230,117	P9,231,361
Due to related parties	4, 9	1,820,968,165	1,581,183,268
Total Current Liabilities		1,830,198,282	1,590,414,629
Equity			
Capital stock	10	6,970,081,395	6,970,081,395
Additional paid-in capital		2,902,072,772	2,902,072,772
Deficit	1	(9,160,630,503)	(8,922,214,408)
Total Equity		711,523,664	949,939,759
		P2,541,721,946	P2,540,354,388

See Notes to the Separate Financial Statements.

CYBER BAY CORPORATION
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	<i>Note</i>	2014	2013
REVENUE			
Interest income		P4,693	P2,715
EXPENSES			
Interest	<i>9a</i>	236,172,028	205,366,981
General and administrative	<i>11</i>	2,248,760	2,567,866
Impairment losses	<i>5, 7</i>	-	1,202,097
		238,420,788	209,136,944
LOSS BEFORE INCOME TAX		(238,416,095)	(209,134,229)
INCOME TAX EXPENSE	<i>12</i>	-	-
NET LOSS/TOTAL COMPREHENSIVE LOSS	<i>1</i>	(P238,416,095)	(P209,134,229)

See Notes to the Separate Financial Statements.

CYBER BAY CORPORATION
SEPARATE STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31

	<i>Note</i>	2014		2013	
		Number of Shares	Amount	Number of Shares	Amount
CAPITAL STOCK					
Preferred stock - P0.10 par value					
Authorized		7,000,000,000		7,000,000,000	
Issued and outstanding	10	6,467,950,603	P646,795,060	6,467,950,603	P646,795,060
Common shares - P1 par value					
Authorized		7,300,000,000		7,300,000,000	
Issued and outstanding		5,985,061,853	5,985,061,853	5,985,061,853	5,985,061,853
Common shares at end of year		5,985,061,853	5,985,061,853	5,985,061,853	5,985,061,853
Subscribed shares (net of subscriptions receivable of P483,592,518)		338,224,482	338,224,482	338,224,482	338,224,482
Balance at end of year		6,323,286,335	6,323,286,335	6,323,286,335	6,323,286,335
			6,970,081,395		6,970,881,395
ADDITIONAL PAID-IN CAPITAL					
Balance at end of year	10		2,902,072,772		2,902,072,772
DEFICIT					
Balance at beginning of year			(8,922,214,408)		(8,713,080,179)
Net loss for the year	1		(238,416,095)		(209,134,229)
Balance at end of year			(9,160,630,503)		(8,922,214,408)
	1		P711,523,664		P949,939,759

See Notes to the Separate Financial Statements.

CYBER BAY CORPORATION
SEPARATE STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	<i>Note</i>	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss before income tax		(P238,416,095)	(P209,134,229)
Adjustments for:			
Impairment losses	5, 7	-	1,202,097
Interest expense and penalties	9a	236,172,028	205,366,981
Interest income		(4,693)	(2,715)
Operating loss before working capital changes		(2,248,760)	(2,567,866)
Decrease in accounts payable and accrued expenses		(1,244)	47,342
Cash absorbed by operations		(2,250,004)	(2,520,524)
Interest received		4,693	2,715
Net cash used in operating activities		(2,245,311)	(2,517,809)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in other noncurrent assets		(236,392)	(263,582)
Increase in receivables from a Subsidiary		(176,558)	(169,424)
Net cash used in investing activities		(412,950)	(433,006)
CASH FLOWS FROM A FINANCING ACTIVITY			
Increase in due to related parties		3,612,869	4,667,518
NET INCREASE IN CASH IN BANKS		954,608	1,716,703
CASH IN BANKS AT BEGINNING OF YEAR		2,222,038	505,335
CASH IN BANKS AT END OF YEAR		P3,176,646	P2,222,038

See Notes to the Separate Financial Statements.

CYBER BAY CORPORATION
NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. Reporting Entity and Status of Operations

Cyber Bay Corporation (the "Parent Company") was 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 Reclamation and Development Corporation ("Subsidiary") and certain shareholders of Central Bay 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 known as the 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.

Update on Subsidiary's Operations

On April 25, 1995, the Subsidiary entered into a Joint Venture Agreement (JVA) 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") consisting of three partially reclaimed and substantially eroded islands (the "Three Islands") along Emilio Aguinaldo Boulevard in Paranaque and Las Pinas, Metro Manila with a combined total area of 157.8 hectares, another area of 242.2 hectares contiguous to the Three Islands and, at the Subsidiary's option as approved by the PRA, an additional 350 hectares more or less to regularize the configuration of the reclaimed area. 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.

However, as ruled and decided by the Supreme Court and after filing for motion for reconsideration and motion for re-deliberation, the JVA is considered to be null and void *ab initio* on the ground that the reclaimed parcels of land are part of the public domain and cannot be disposed of by the PRA to private corporations.

Despite the nullity of the JVA, the Subsidiary is not precluded by the Supreme Court from recovering from the PRA, costs and expenses incurred in implementing the JVA prior to its nullification.

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 Subsidiary may be entitled pursuant to the JVA and/or the law, the claims for reimbursements must be submitted to the PRA.

The Parent Company and Central Bay pursued 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 Central Bay, filed its claim for reimbursement with the PRA amounting to P10.23 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 of September 2009 pursuant to the Amended JVA.

On February 8, 2010, Central Bay received a letter from PRA informing Central Bay that based on the books and records of PRA, the latter was able to verify a total amount of P1.0 billion of Central Bay's claims which is still subject to audit by the Commission on Audit (COA). In this regard, Central Bay 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. Central Bay 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, Central Bay 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 Central Bay's claim for reimbursement amounted to P1.0 billion, the only issue submitted to the COA is whether or not the other claims are likewise rightful items for reimbursement. Central Bay and PRA panel engaged in weekly meetings and discussions from May to October 2011 in order to discuss and validate the Parent Company's claim for reimbursement for project costs. Central Bay has submitted its final report on November 8, 2011.

After the validation process in 2014, the PRA informed Central Bay that the PRA has verified an additional amount for reimbursement equivalent to P22.6 million. Central Bay has until May 31, 2015 to file its reply with the COA.

For the years 2014 and 2013, the Parent Company continues to reduce its operational expenses and, through the efforts of its limited personnel and utilizing very restricted resources, the Parent Company and Central Bay 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 failed to honor its loan commitments and has incurred significant losses from accumulating interest costs and penalties. Net loss incurred for the years ended December 31, 2014 and 2013 amounted to P238.4 million and P209.1 million, respectively. The accumulated deficit as at December 31, 2014 and 2013 amounted to P9.2 billion and P8.9 billion, respectively. The equity as at December 31, 2014 and 2013 amounted to P0.71 billion and P.95 billion, respectively.

Despite the nullification of the Contract, management still intends to continue the Parent Company's operations and utilize any reimbursement that it may obtain from the PRA to fund other business and development ventures.

The ability of the Parent Company and Central Bay to continue as going concern entities will depend on the recoverability of Central Bay's claims for reimbursement from PRA and on the success of any business that the Parent Company and Central Bay 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 Central Bay to continue as going concern entities.

2. Basis of Preparation

Statement of Compliance

The separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs which are issued by the Philippine Financial Reporting Council (FRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations issued by the Philippine Financial Reporting Standards Council (FRSC) and approved by the Philippine Board of Accountancy (BOA).

In full compliance with PFRS 10, Consolidated Financial Statements, the Company also prepares and issues consolidated financial statements for the same period in which it consolidates its investments in subsidiary. Such consolidated financial statements provide information about the economic activities of the Company and its subsidiary (collectively referred to as the "Group") of which Cyber Bay is the parent company. The consolidated financial statements are available through the PSE.

The separate financial statements as at and for the year ended December 31, 2014 were approved and authorized for issuance by the Parent Company's Board of Directors March 25, 2015.

Basis of Measurement

The separate financial statements have been prepared using the historical cost basis of accounting.

Functional and Presentation Currency

The separate financial statements are presented in Philippine peso, which is the Parent Company's functional currency. All values are rounded off to the nearest peso, except when otherwise stated.

Use of Judgments, Estimates and Assumptions

The preparation of the Parent Company's separate financial statements in conformity with PFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and amounts of assets, liabilities, income and expenses reported in the separate financial statements at the reporting date. However, uncertainty about their judgments and estimates could result in outcome that could require a material adjustment to the carrying amount of the asset or liability in the future.

Judgments and estimates 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 Parent Company'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 separate financial statements:

Going Concern

The Company has reported deficit amounting to P9.2 billion and P8.9 billion as at December 31, 2014 and 2013, respectively. The ability of the Company to continue as a going concern will depend on the recoverability of Central Bay's claims for reimbursement from the PRA and on the success of any business that the Company may undertake. Management assessed that these claims are fully recoverable. As such, the financial statements have been prepared on a going concern basis.

Estimates and Assumptions

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

Estimating Allowance for Impairment Losses on Receivables

Impairment losses are made for specific and groups of accounts, where objective evidence of impairment exists. The Parent Company evaluates these accounts based on available facts and circumstances.

As at December 31, 2014 and 2013, the Parent Company's allowance for impairment losses on receivables amounted to P7.5 million (see Note 5).

Estimating Allowance for Impairment Losses on Other Financial Asset and Nonfinancial Assets

The Parent Company assesses impairment on other current asset and nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The factors that the Parent Company 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.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

As at December 31, 2014 and 2013, allowance for impairment losses on investment in and receivables from Subsidiary amounted to P7.0 billion (see Note 6). As at December 31, 2014 and 2013, allowance for impairment losses on other current assets amounted to P0.3 billion (see Note 7).

Estimating Realizability of Deferred Tax Assets

The Parent Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets 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.

As at December 31, 2014 and 2013, the total amount of deductible temporary differences and unused tax losses for which deferred tax assets have not been recognized is P7.4 billion and P7.6 billion, respectively (see Note 12).

Provisions

The Parent Company, 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. As at December 31, 2014 and 2013, the Company does not have any legal or constructive obligations that require provision.

Contingencies

The Parent Company currently has various legal claims. The Parent Company'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. As at December 31, 2014 and 2013, the Company did not accrue any possible losses as a result of the legal claims as they have assessed these cases will not have a material adverse effect on its financial position and results of operations.

3. Summary of Significant Accounting Policies

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

Adoption of New and Revised Standards, Amendments to Standards and Interpretations

The Parent Company has adopted the following relevant and applicable amendments to standards starting January 1, 2014 and accordingly changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Parent Company's separate financial statements.

- *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.
- *Measurement of short-term receivables and payables (Amendments to PFRS 13, Fair Value Measurement).* The amendments clarify that short-term receivables and payables with no stated interest rate can be measured at their invoiced amounts without discounting, if the effect of discounting is immaterial.

Standards, Amendments to Standards and Interpretations Issued but Not Yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2014, and have not been applied in preparing these separate financial statements. Except as otherwise indicated, none of these are expected to have a significant effect on the separate financial statements. Those which may be relevant to the Parent Company are set out below. The Parent Company does not plan to adopt these standards early.

- *Annual Improvements to PFRSs: 2010 - 2012 and 2011 and 2013 Cycles* - Amendments were made to a total of nine standards, with changes made to the standards on business combinations and fair value measurement in both cycles. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014. Earlier application is permitted, in which case the related consequential amendments to other PFRSs would also apply. Special transitional requirements have been set for amendments to the following standards: PFRS 2, PAS 16, PAS 38 and PAS 40. The following are the said improvements or amendments to PFRSs, none of which has a significant effect on the financial statements of the Company:
 - *Definition of 'related party' (Amendments to PAS 24)*. The definition of a 'related party' is extended to include a management entity that provides key management personnel (KMP) services to the reporting entity, either directly or through a group entity. For related party transactions that arise when KMP services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the KMP services. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of PAS 24 - e.g. loans.

To be Adopted on January 1, 2018

- *PFRS 9 Financial Instruments (2014)*. PFRS 9 (2014) replaces PAS 39 *Financial Instruments: Recognition and Measurement* and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Parent Company is assessing the potential impact on its financial statements resulting from the application of PFRS 9.

Financial Assets

Date of Recognition. The Parent company recognizes a financial asset or a financial liability in the separate statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

Initial Recognition of Financial Instruments. 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 Parent Company determines the classification at initial recognition and where allowed and appropriate, re-evaluates such designation at every reporting date. The Parent Company 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 Parent Company's cash in banks, receivables, receivables from a Subsidiary, receivables from related parties and security 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 Parent Company determines the classification at initial recognition and where allowed and appropriate, re-evaluates such designation at every reporting date. The Parent Company 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.

The Parent Company's accounts payable and accrued expenses and due to related parties are included in this category.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the separate 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;
- the Parent Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Parent Company has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Impairment of Financial Assets

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

Assets Carried at Amortized Cost. The Parent Company 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 Parent Company 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 assets' 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.

Investment in a Subsidiary

Investment in a Subsidiary is accounted for under the cost method. The investment is carried in the separate statements of financial position at cost less any impairment in value. The Parent Company recognizes income from the investment only to the extent that the Parent Company receives distributions from accumulated profits of the Subsidiary arising after the date of acquisition. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of the investment.

A Subsidiary is an entity controlled by the Parent Company. Control exists when the Parent Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The reporting dates of the Parent Company and its Subsidiary are identical and their accounting policies conform to those used by the Parent Company for like transactions and events in similar circumstances.

Impairment of Nonfinancial Assets

The carrying amount of investment in Subsidiary is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and if the carrying value 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 of disposal 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.

Capital Stock and Additional Paid-in Capital

Capital stock is composed of common stock and preferred stock and is classified as equity. Incremental cost directly attributable to the issue of capital stock, if any, is recognized as a deduction from equity, net of any tax effects.

When shares are sold at a premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account.

Deficit

Deficit represents the accumulative balance of net loss, as reported in profit or loss and prior period adjustment.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Parent Company and the revenue can be measured reliably.

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 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 profit or loss 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 separate statements of financial position as an asset.

Income Taxes

Income tax for the year comprises of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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 is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and the carry forward benefits of net operating loss carry over (NOLCO). Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been 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 to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

Provisions

Provisions are recognized only when the Parent Company 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 Parent Company 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.

Contingencies

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

Events After the Reporting Date

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

4. Financial Risk Management

The Parent Company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Interest Rate Risk

This note presents information about the Parent Company's exposure to each of the above risks, the Parent Company's objectives, policies and processes for measuring and managing risks, and the Parent Company's management of capital.

The BOD has overall responsibility for the establishment and oversight of the Parent Company's risk management framework. The BOD is responsible for developing and monitoring the Parent Company's risk management policies.

Credit Risk

Credit risk is the risk of financial loss to the Parent Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Parent Company's cash in banks, receivables, receivables from a Subsidiary and receivables from related parties and security deposits.

The aging of the Parent Company's financial asset are subject to credit risk are as follows:

2014

	Gross Carrying Amount	Neither Past Due nor Impaired	Past due but not Impaired	Overdue and Impaired
Cash in banks	P3,176,646	P3,176,646	P -	P -
Receivables	7,489,854	-	-	7,489,854
Receivables from a Subsidiary	5,264,969,751	-	2,538,149,026	2,726,820,725
Receivables from related parties	195,854	-	-	195,854
Security deposits	139,739	-	-	139,739
	<u>P5,275,971,844</u>	<u>P3,176,646</u>	<u>P2,538,149,026</u>	<u>P2,734,646,172</u>

2013

	Gross Carrying Amount	Neither Past Due nor Impaired	Past due but not Impaired	Overdue and Impaired
Cash in banks	P2,222,038	P2,222,038	P -	P -
Receivables	7,489,854	-	-	7,489,854
Receivables from a Subsidiary	5,264,793,193	-	2,537,972,468	2,726,820,725
Receivables from related parties	195,854	-	-	195,854
Security deposits	139,739	-	-	139,739
	<u>P5,274,840,678</u>	<u>P2,222,038</u>	<u>P2,537,972,468</u>	<u>P2,734,646,172</u>

Liquidity Risk

Liquidity risk is the risk that the Parent Company will not be able to meet its financial obligations as they fall due. The Parent Company 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 to continue as a going concern entity will depend on the recoverability of Central Bay's claims for reimbursement from PRA and on the success of any business that the Parent Company may undertake. The Parent Company is in default of its loan obligations since October 1998.

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

As at December 31, 2014						
Note	Carrying Amount	Contractual Cash Flow	6 Months or Less	6 - 12 Months	Over One Year	
Nondrivative financial liabilities						
Accounts payable and accrued expenses*	8 P9,212,627	P9,212,627	P9,212,627	P -	P -	
Due to related parties	9 1,820,968,165	1,820,968,165	1,820,968,165	-	-	
	P1,830,180,792	P1,830,180,792	P1,830,180,792	P -	P -	

*Excluding withholding tax payable

As at December 31, 2013						
Note	Carrying Amount	Contractual Cash Flow	6 Months or Less	6 - 12 Months	Over One Year	
Nondrivative financial liabilities						
Accounts payable and accrued expenses*	8 P9,183,200	P9,183,200	P9,183,200	P -	P -	
Due to related parties	9 1,581,183,268	1,581,183,268	1,581,183,268	-	-	
	P1,590,366,468	P1,590,366,468	P1,590,366,468	P -	P -	

*Excluding withholding tax payable

Interest Rate Risk

The Parent Company's exposure to interest rate risk pertains to its due to related parties resulting from interest rate volatilities.

As at December 31, 2014 and 2013, the interest rate profile of the Parent Company's interest-bearing financial instruments pertains to due to related parties. For the years ended December 31, 2014 and 2013, interest expense recognized on these due to related parties amounted to P0.24 billion and P0.21 billion, respectively. As the Parent Company's due to related parties bears fixed interest rate, it is not significantly exposed to fluctuation in market interest rates.

Fair Values

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

Capital Management

As discussed in Note 1 to the separate 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 to continue as a going concern entity. The ability of the Parent Company to continue as a going concern entity will depend on the recoverability of Central Bay's claims for reimbursement and on the success of any business that the Parent Company and Central Bay may undertake.

The Parent Company 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 accounts payable and accrued expenses and due to related parties. Total equity comprises the capital stock, payable to stockholders for conversion to equity, additional paid-in capital and deficit.

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

5. Receivables

This account as at December 31, 2014 and 2013 consists of receivables from:

	<i>Note</i>	
Tenants	4	P7,327,297
Others	4	162,557
		7,489,854
Less allowance for impairment losses		7,489,854
		P -

Above receivables are all currently due and demandable from the debtors.

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

	2014	2013
Balance at beginning of year	P7,489,854	P7,482,255
Provision for impairment losses	-	7,599
Balance at the end of year	P7,489,854	P7,489,854

6. Investment in and Receivables from a Subsidiary

This account consists of:

	<i>Note</i>	2014	2013
Central Bay:			
Investment in shares of stock		P4,259,559,247	P4,259,559,247
Receivables	4	5,264,969,751	5,264,793,193
		9,524,528,998	9,524,352,440
Less allowance for:			
Impairment in value		4,259,559,247	4,259,559,247
Impairment losses		2,726,820,725	2,726,820,725
		6,986,379,972	6,986,379,972
		P2,538,149,026	P2,537,972,468

The Subsidiary used the P2.7 billion to finance the initial phase of the Project and working capital requirements. In 2012, the Parent Company made advances to its Subsidiary which pertain to payment of income tax amounted to P5.2 million. The Parent Company also provides advances to its Subsidiary to finance its working capital requirements such as professional fees and taxes and licenses. As at December 31, 2014, such advances were still outstanding.

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

	2014	2013
Total assets	P612,430,663	P612,430,663
Total liabilities	5,277,341,813	5,277,146,055
Capital deficiency	(4,664,911,150)	(4,664,715,392)
Net loss	(195,758)	(P176,424)

7. Other Noncurrent Assets

This account consists of:

	<i>Note</i>	2014	2013
Prepaid taxes		P3,089,697	P2,853,305
Receivables from related parties	4	195,854	195,854
Security deposits	4	139,739	139,739
Others		20,142	20,142
		3,445,432	3,209,040
Less allowance for impairment losses on prepaid taxes and receivables from related parties		3,049,158	3,049,158
		P396,274	P159,882

Prepaid taxes consist of input taxes and tax refund.

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

	2014	2013
Balance at beginning of year	P3,049,158	P1,854,660
Provision for impairment loss	-	1,194,498
Balance at the end of year	P3,049,158	P3,049,158

8. Accounts Payable and Accrued Expenses

This account consists of:

	<i>Note</i>	2014	2013
Accrued expenses	4	P2,887,845	P2,858,415
Payable to third party	4	1,938,533	1,938,533
Withholding tax payable		17,490	48,161
Others	4	4,386,249	4,386,252
		P9,230,117	P9,231,361

Payable to third party pertains to advances to Centasia.

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	Terms	Conditions
				Balances Due to Related Parties		
Shareholders						
<u>Prime Orion Philippines Inc. (POPI)</u>						
Cash advance	2014		P -	P6,968,217	Due and demandable; interest bearing	Unsecured
	2013		-	6,968,217		
Interest expense	2014	a	2,180,774	9,751,048		
	2013	a	1,896,325	7,570,274		
<u>Other Shareholders</u>						
Cash advance	2014		-	31,849,787	Due and demandable; interest bearing	Unsecured
	2013		-	31,849,787		
Interest expense	2014	a	233,991,254	1,762,083,160		
	2013	a	203,470,656	1,528,091,906		
<u>Primera Commercial Holding, Inc. (Primera)</u>						
Cash advance	2014		3,612,869	8,280,388	Due and demandable; non-interest bearing	Unsecured
	2013		4,667,519	4,667,519		
<u>Italion Thai</u>						
Cash advance	2014		-	2,035,565	Due and demandable; non-interest bearing	Unsecured
	2013		-	2,835,565		
	2013			P1,820,968,165		
	2013			P1,551,183,268		

- a) Cash advances from POPI and other shareholders bears interest 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.

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.) The Parent Company obtains cash advances from Primera to support its day to day operations. These advances are payable on demand. As at December 31, 2014, the stockholders have yet to decide what option to take to settle outstanding payable.
- c.) The Company has no key management personnel as at December 31, 2014 and 2013.

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.

11. General and Administrative Expenses

This account consists of:

	2014	2013
Professional fees	P1,269,600	P1,665,800
Listing and filing fee	715,380	504,010
Supplies	104,507	109,263
Communication, light and water	84,534	93,894
Taxes and licenses	14,974	15,124
Bank charges	8,700	9,195
Others	51,065	170,580
	P2,248,760	P2,567,866

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

12. Income Taxes

- a. The Parent Company has no income tax expense in 2014 and 2013.
- b. The reconciliation of income tax benefit computed at statutory income tax rate to the income tax benefit in profit or loss follows:

	2014	2013
Loss before income tax	(P238,416,095)	(P209,134,229)
Income tax at statutory rate of 30%	(P71,524,829)	(P62,740,269)
Additions to (reduction in) income tax resulting from:		
Expiration of NOLCO	49,779,466	56,247,272
Movement in unrecognized deferred tax assets	(49,104,838)	6,493,476
Interest income subject to final tax	(1,408)	(815)
Nondeductible interest expense	70,851,609	336
	P -	P -

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

	2014	2013
Allowance for impairment in value and impairment losses on investment and receivables	P6,986,379,972	P6,986,379,972
NOLCO	390,281,988	553,964,781
Allowance for impairment losses on receivables	7,489,854	7,489,854
Allowance for impairment losses on other noncurrent assets	3,049,158	3,049,158
	P7,387,200,972	P7,550,883,765

- d. As at December 31, 2014 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
2011	P165,931,553	(P165,931,553)	P -	2014
2012	180,099,501	-	180,099,501	2015
2013	207,933,727	-	207,933,727	2016
2014	2,248,760	-	2,248,760	2017
	P556,213,541	(P165,931,553)	P390,281,988	

13. Supplementary Information Required by the Bureau of Internal Revenue (BIR)

In addition to the disclosures mandated under PFRS, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the separate financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the separate financial statements which were prepared in accordance with PFRS. The following is the tax information required for the taxable year ended December 31, 2014:

Based on RR No. 15-2010

A. Value-added Tax (VAT)

Input VAT	
Beginning of year	P1,647,943
Services lodged under other accounts	236,392
Balance at end of year	P1,884,335

B. Withholding Taxes

Expanded withholding taxes	P164,165
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C. All Other Taxes (Local and National)

<i>Other taxes paid during the year recognized under "Taxes and licenses" account under General and Administrative Expenses</i>	
License and permit fees	P14,974

There is no other information to be disclosed with respect to excise tax and documentary stamp tax as the Parent Company did not incur the above-mentioned taxes.

As at December 31, 2014, the Parent Company has no pending tax court cases nor has received tax assessment notices from the BIR.

CYBER BAY CORPORATION AND SUBSIDIARY

AGING OF ACCOUNTS RECEIVABLE

Amounts in Thousands

As of December 31, 2014

	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 conversion 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				6,806,879
TOTAL	14,300,000	13,274,830	-	-	-	13,274,830

CYBER BAY CORPORATION
SCHEDULES TO FINANCIAL STATEMENTS
Amounts in Thousands

Schedule I. Indebtedness to Affiliates and Related Parties

Name of Affiliate	Balance December 31, 2013	Balance December 31, 2014
Primera Comercio Holdings, Inc.	4,667	8,280
Italian Thai (BVI) Int'l.	2,036	2,036
POPI	14,538	16,719
Other Shareholders	1,559,942	1,793,933
TOTAL	1,581,183	1,820,968

Schedule J. Guarantees of Securities of Other Issuers

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, 2013	Additions at Cost	Charged to cost and expense	Charged to other accounts	Other Changes	Balance December 31, 2014
Pre-operating Expenses						-
Deferred Charges						-
Miscellaneous Deposit	140					140
Input Tax	1,647	236				1,883
Prepaid Expenses	1,206					1,206
Others	216					216
Allow for non recoverability	(3,049)					(3,049)
TOTAL	160	236	0	0	0	396

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, 2013	Additions at Cost	Retirements	Other Changes	Balance December 31, 2014
Transportation Equipment	-				-
Office Equipment	-	Not Applicable			-
Furniture & Fixtures	-				-
Office Improvements	-				-
TOTAL	-	-	-	-	-

Schedule F. Accumulated Depreciation

Description	Balance December 31, 2013	Additions charged to expense	Retirements	Other Charges	Balance December 31, 2014
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, 2013	Balance December 31, 2014
TOTAL	0	0



**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, 2014 and 2013, 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.

R.G. Manabat & Co., the independent auditors appointed by the Audit Committee and the stockholders, has audited the financial statements as of December 31, 2014 and 2013, and for each of the three years in the period ended December 31, 2014 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. ALAPDDP
Treasurer

SUBSCRIBED AND SWORN TO before me this 25th day of March 2015, affiants exhibiting to me the following:

Name	Competent Evidence of Identity	Competent Evidence of Identity
Oscar L. Paras, Jr.		TIN 166-499-479
Raul G. Gerodias	CTC No. 34586425 issued on 01/30/2015 in Pasig City	TIN 129-454-349
Mark Jayson E. AlapDDP	SSS No. 34-2404961-5	

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Page No. 29
Book No. III
Series of 2015


SER MONINA M. LAGMAN
Notary Public for Pasig
Commission until December 2015
2404 Discovery Center, 25 ADB Ave., Origas Center, Pasig City
APPT No. 131 (2014-2015)/ROR No. 60460
PTR, No 454425; 01/31/2015; Pasig City
IBP Lifetime Member No. 011545; 02/18/2013; Makati City

CYBER BAY CORPORATION

2404 Discovery Center • 25 ADB Avenue, Origas Center, Pasig City, 1605 Philippines
Telephone: (632) 458 6000 • 458 5757 • Facsimile: (632) 337 0361

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

C	Y	B	E	R		B	A	Y		C	O	R	P	O	R	A	T	I	O	N		A	N	D		A			
S	U	B	S	I	D	I	A	R	Y																				

Principal Office (No./Street/Barangay/City/Town)Province)

G	S	E		M	a	n	a	g	e	m	e	n	t		S	e	r	v	i	c	e	s		,		I	n	c	.		
S	u	i	t	e		2	4	0	2		D	i	s	c	o	v	e	r	y		C	e	n	t	r	e	,				
A	D	B		A	v	e	n	u	e	,		O	r	t	i	g	a	s		C	e	n	t	e	r	,					
P	a	s	i	g		C	i	t	y	.																					

Form Type

A	A	F	S
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Department requiring the report

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Secondary License Type, if Applicable

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COMPANY INFORMATION

Company's Email Address

--

Company's Telephone Number/s

--

Mobile Number

--

No. of Stockholders

--

Annual Meeting
Month/Day

--

Fiscal Year
Month/Day

December 31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Mark Jayson E. Alapoop

Email Address

mark@gsclawfirm.com

Telephone Number/s

633-9757

Mobile Number

--

Contact Person's Address

--

Note: in case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

CYBER BAY CORPORATION AND A SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014, 2013 and 2012



R.G. Manabat & Co.
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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, 2014 and 2013, 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, 2014, 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. However, 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, 2014 and 2013 amounted to P11.1 billion and P10.9 billion, respectively. The Group’s capital deficiency as at December 31, 2014 and 2013 amounted to P1.2 billion and P1.0 billion, 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, 2014 and 2013, the Subsidiary recognized a receivable from the PRA amounting to P0.6 billion without any allowance for impairment losses as Management assessed this to be fully recoverable and the Project Development Cost of P3.0 billion which is fully provided with allowance for impairment.

Management intends to 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, which 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.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

SEC Accreditation No. 1386-A, Group A, valid until February 5, 2017

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-31-2013

Issued December 2, 2013; valid until December 1, 2016

PTR No. 4748126MC

Issued January 5, 2015 at Makati City

March 25, 2015

Makati City, Metro Manila



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**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

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") as at and for each of the three years in the period ended December 31, 2014, included in this form 17-A, and have issued our report thereon dated March 25, 2015.

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

- Map of the Conglomerate
- 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 required parts of the basic consolidated financial statements. Such information is the responsibility of management. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraphs, we do not express an opinion on the information referred to above.

R.G. MANABAT & CO.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

SEC Accreditation No. 1386-A, Group A, valid until February 5, 2017

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-31-2013

Issued December 2, 2013; valid until December 1, 2016

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Issued January 5, 2015 at Makati City

March 25, 2015

Makati City, Metro Manila

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

		December 31	
	<i>Note</i>	2014	2013
ASSETS			
Current Assets			
Cash in banks	4	P3,177	P2,222
Receivables - net	4, 5	611,850	611,850
Prepaid income tax		581	581
Total Current Assets		615,608	614,653
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	4, 7	396	160
Total Noncurrent Assets		396	160
		P616,004	P614,813
LIABILITIES AND CAPITAL DEFICIENCY			
Current Liabilities			
Accounts payable and accrued expenses	4, 8	P21,603	P21,583
Due to related parties	4, 9	1,820,968	1,581,183
Total Current Liabilities		1,842,571	1,602,766
Capital Deficiency			
Capital stock	10	6,970,081	6,970,081
Additional paid-in capital	10	2,902,073	2,902,073
Deficit	1	(11,098,721)	(10,860,107)
Total Capital Deficiency		(1,226,567)	(987,953)
		P616,004	P614,813

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		
	<i>Note</i>	2014	2013	2012
REVENUES				
Interest income		P5	P3	P11
EXPENSES				
Interest expense and penalties	<i>9</i>	236,172	205,367	177,909
General and administrative expenses	<i>11</i>	2,447	2,744	2,361
Impairment losses	<i>5, 7</i>	-	1,202	-
		238,619	209,313	180,270
LOSS BEFORE INCOME TAX		(238,614)	(209,310)	(180,259)
INCOME TAX EXPENSE	<i>12</i>	-	-	-
NET LOSS/TOTAL COMPREHENSIVE LOSS		(P238,614)	(P209,310)	(P180,259)
BASIC AND DILUTED LOSS PER SHARE	<i>13</i>	(P0.040)	(P0.035)	(P0.033)

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)

	2014			2013			2012		
	Note	Number of Shares	Amount	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		7,000,000,000	
Issued and outstanding									
Balance at beginning of year		6,467,950,603	P646,795	6,467,950,603	P646,795	6,467,950,603	P -	6,467,950,603	P -
Issued during the year	10								
Balance at end of year		6,467,950,603	646,795	6,467,950,603	646,795	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		7,300,000,000	
Issued and outstanding									
Balance at beginning of year		5,985,061,853	5,985,062	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	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	5,985,061,853	5,985,062	5,985,061,853	5,985,062
Subscribed shares (net of subscriptions receivable of P483,593)		338,224,482	338,224	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	6,323,286,335	6,323,286	6,323,286,335	6,323,286
ADDITIONAL PAID-IN CAPITAL									
Balance at beginning of year			2,902,073		2,902,073		577		577
Additional during the year									
Balance at end of year	10		2,902,073		2,902,073		2,902,073		2,902,073
DEFICIT									
Balance at beginning of year			(10,860,107)		(10,650,797)		(10,470,538)		(10,470,538)
Net loss/total comprehensive loss for the year			(238,614)		(209,310)		(180,259)		(180,259)
Balance at end of year			(11,098,721)		(10,860,107)		(10,650,797)		(10,650,797)
			(P1,226,667)		(P987,953)		(P778,615)		(P778,615)

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		
	<i>Note</i>	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		(P238,614)	(P209,310)	(P180,259)
Adjustments for:				
Interest income		(5)	(3)	(11)
Interest expense and penalties	<i>9a</i>	236,172	205,367	177,909
Impairment losses	<i>5, 7</i>	-	1,202	-
Operating loss before working capital changes		(2,447)	(2,744)	(2,361)
Decrease (increase) in:				
Receivables		-	14	(15)
Prepaid income tax		-	-	(581)
Increase (decrease) in accounts payable and accrued expenses		20	39	(23)
Net cash absorbed by operations		(2,427)	(2,691)	(2,980)
Interest received		5	3	11
Income taxes paid		-	-	(4,641)
Net cash used in operating activities		(2,422)	(2,688)	(7,610)
CASH FLOW FROM AN INVESTING ACTIVITY				
Increase in other noncurrent assets		(236)	(263)	(196)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in due to related parties		3,613	4,668	15,221
Issuance cost paid	<i>10</i>	-	-	(9,083)
Net cash provided by financing activities		3,613	4,668	6,138
NET INCREASE (DECREASE) IN CASH IN BANKS		955	1,717	(1,668)
CASH IN BANKS AT BEGINNING OF YEAR		2,222	505	2,173
CASH IN BANKS AT END OF YEAR		P3,177	P2,222	P505

See Notes to the Consolidated Financial Statements.

CYBER BAY CORPORATION AND A SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands)

1. Reporting Entity and Status of Operations

Cyber Bay Corporation (the "Parent Company") and its subsidiary, Central Bay Reclamation and Development Corporation ("Central Bay" or "Subsidiary") [collectively referred to as the "Group"] were incorporated in the Philippines.

Parent Company

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.

Subsidiary

The Subsidiary was registered with the Philippine Securities and Exchange Commission (SEC) on December 5, 1994 to engage in real estate development (except real estate subdivision) and reclamation. As at December 31, 2014, the Company has not yet started commercial operations. However, it is not subject to the provision in Section 22 of the Corporation Code of the Philippines since the failure to organize or commence the transactions of its businesses or the construction of its works or to continuously operate is due to causes beyond the control of the Company.

The registered office address of the Group is at GSE Management Services, Inc., Suite 2402 Discovery Centre, ADB Avenue, Ortigas Center, Pasig City.

Update on Operations of the Group

On March 30, 1996, the Parent Company, Central Bay and certain shareholders of Central Bay 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, Mandaoe 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.

On April 25, 1995, the Subsidiary entered into a Joint Venture Agreement (JVA) 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") consisting of three partially reclaimed and substantially eroded islands (the "Three Islands") along Emilio Aguinaldo Boulevard in Paranaque and Las Pinas, Metro Manila with a combined total area of 157.8 hectares, another area of 242.2 hectares contiguous to the Three Islands and, at the Subsidiary's option as approved by the PRA, an additional 350 hectares more or less to regularize the configuration of the reclaimed area. 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.

However, as ruled and decided by the Supreme Court and after filing for motion for reconsideration and motion for re-deliberation, the JVA is considered to be null and void *ab initio* on the ground that the reclaimed parcels of land are part of the public domain and cannot be disposed of by the PRA to private corporations.

Despite the nullity of the JVA, the Subsidiary is not precluded by the Supreme Court from recovering from the PRA, costs and expenses incurred in implementing the JVA prior to its nullification.

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 Subsidiary may be entitled pursuant to the JVA and/or the law, the claims for reimbursements must be submitted to the PRA.

The Parent Company and Central Bay pursued 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 Central Bay, filed its claim for reimbursement with the PRA amounting to P10.23 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 of September 2009 pursuant to the Amended JVA.

On February 8, 2010, Central Bay received a letter from PRA informing Central Bay that based on the books and records of PRA, the latter was able to verify a total amount of P1.0 billion of Central Bay's claims which is still subject to audit by the Commission on Audit (COA). In this regard, Central Bay 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. Central Bay 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, Central Bay 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 Central Bay's claim for reimbursement amounted to P1.0 billion, the only issue submitted to the COA is whether or not the other claims are likewise rightful items for reimbursement. Central Bay and PRA panel engaged in weekly meetings and discussions from May to October 2011 in order to discuss and validate the Parent Company's claim for reimbursement for project costs. Central Bay has submitted its final report on November 8, 2011.

There were no updates received from PRA and COA with regards to the status of the claim for reimbursement. The Parent Company is waiting for PRA and COA's comment as at December 31, 2014.

For the years 2014 and 2013, 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 Group failed to honor its loan commitments and has incurred significant losses from accumulating interest costs and penalties. Net loss incurred for the years ended December 31, 2014 and 2013 amounted to P0.2 billion. The accumulated deficit as at December 31, 2014 and 2013 amounted to P11.1 billion and P10.9 billion, respectively. The capital deficiency as at December 31, 2014 and 2013 amounted to P1.2 billion and P1.0 billion, respectively.

Despite the nullification of the Contract, management still 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.

The ability of the Parent Company and Central Bay to continue as going concern entities will depend on the recoverability of Central Bay's claims for reimbursement from PRA and on the success of any business that the Parent Company and Central Bay 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 Central Bay to continue as going concern entities.

2. Basis of Preparation

Statement of Compliance

The consolidated financial statements include the accounts 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 (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations, issued by the Philippine Financial Reporting Standards Council (FRSC) and approved by the Philippine Board of Accountancy.

The consolidated financial statements of the Group as at and for the year ended December 31, 2014 were approved and authorized for issuance by the Board of Directors (BOD) on March 25, 2015.

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. In accordance with PFRS 10, *Consolidated Financial Statements*, 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:

Going Concern

The Group has reported deficit amounting to P11.1 billion and P10.9 billion as at December 31, 2014 and 2013, respectively. The ability of the Group to continue as a going concern will depend on the recoverability of Central Bay's claims for reimbursement from PRA and on the success of any business that the Parent Company and Central Bay may undertake. Management assessed that these claims are fully recoverable. As such, the financial statements have been prepared on a going concern basis.

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:

Allowance for Impairment Losses on Receivables

The Group reviews the collectability 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 collectability of the accounts.

As at December 31, 2014 and 2013, the Group' allowance for impairment losses on receivables amounted to P128,034, 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, 2014 and 2013, impairment losses on project development costs amounted to P6.6 billion (see Note 6). As at December 31, 2014 and 2013, impairment losses on non-recoverability of other noncurrent assets amounted to P3.05 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, 2014 and 2013, the Group has unrecognized deferred tax assets amounting to P2.1 billion and P2.2 billion, respectively (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. As at December 31, 2014 and 2013, the Group does not have any legal or constructive obligations that require provision.

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. As at December 31, 2014 and 2013, the Group did not accrue any possible losses as a result of the legal claims as they have assessed these cases will not have a material adverse effect on its financial position and results of operations.

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 relevant and applicable amendments to standards and interpretations starting January 1, 2014 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.

- *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.
- *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.

- Measurement of short-term receivables and payables (Amendment to PFRS 13). Amendment to PFRS 13 is part of the Annual Improvements to PFRSs 2010-2012 Cycle. The amendment clarifies that, in issuing PFRS 13 and making consequential amendments to PAS 39 and PFRS 9, the intention is not to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

Standards, Amendments to Standards and Interpretations Issued but Not Yet Adapted

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

- *Annual Improvements to PFRSs: 2010 - 2012 and 2011 and 2013 Cycles* - various standards contain amendments to nine standards, with changes made to other standards and interpretations. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014. Earlier application is permitted, in which case the related consequential amendments to other PFRSs would also apply. Special transitional requirements have been set for amendments to the following standards: PFRS 2, PAS 16, PAS 38 and PAS 40. The following are the said improvements or amendments to PFRS, none of which has a significant effect in the consolidated financial statements of the Group.

- *PAS 24, Related Party Disclosures - Definition of 'related party'*

The definition of a 'related party' is extended to include a management entity that provides key management personnel (KMP) services to the reporting entity, either directly or through a group entity. For related party transactions that arise when KMP services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the KMP services. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of PAS 24 - e.g. loans.

Effective January 1, 2018

- *PFRS 9 Financial Instruments (2014)*. PFRS 9 (2014) replaces PAS 39 *Financial Instruments: Recognition and Measurement* and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of PFRS 9.

Financial Assets

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

Initial Recognition of Financial Instruments. 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).

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.

The Group's accounts payable and accrued expenses and due to related parties are included in this category.

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

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

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

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 nonfinancial assets 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 of disposal 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.

Capital Stock

Capital stock is composed of common stock and preferred stock and is classified as equity. Incremental cost directly attributable to the issue of capital stock, if any, is 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 and prior period 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 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 profit or loss 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. Related parties may be individuals or corporate entities.

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.

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.

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.

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. The Group's credit risk arises principally cash in banks, receivables, receivables from related parties and miscellaneous deposits. 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.

The aging of the Group's financial assets subject to credit risk as at December 31 are as follows:

2014

	Gross Carrying Amount	Neither Past Due nor Impaired	Past due but not Impaired	Overdue and Impaired
Cash in banks	P3,177	P3,177	P -	P -
Receivables	739,884	-	611,850	128,034
Receivables from related parties	196	-	-	196
Miscellaneous deposits	140	-	140	-
	P743,397	P3,177	P611,990	P128,230

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

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 Group to continue as going concern 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 following are the contractual maturities of financial liabilities, including estimated interest payments and excluding impact of netting agreements:

As at December 31, 2014					
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 P21,586	P21,586	P21,586	P -	P -
Due to related parties	9 1,820,968	1,820,968	1,820,968	-	-
	P1,842,554	P1,842,554	P1,842,554	P -	P -

*Excluding withholding tax payable

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

Interest Rate Risk

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

As at December 31, 2014 and 2013, the interest rate profile of the Group's interest-bearing financial instruments pertains to due to related parties. For the years ended December 31, 2014 and 2013, interest expense recognized on these due to related parties amounted to P236.2 million and P205.4 million, respectively. As the Group's due to related parties 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.

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 Group to continue as going concern. The ability of the Group to continue as going concern 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 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.

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

5. Receivables

This account as at December 31, 2014 and 2013 consists of receivables from:

	<i>Note</i>	
PRA	<i>1</i>	P611,850
MCRP Construction Corporation		114,460
Tenants		7,327
Others		6,247
		739,884
Less allowance for impairment losses on MCRP Construction Corporation, tenants and others		128,034
	<i>4</i>	P611,850

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

The movements in allowance for impairment losses on receivables in 2013 are as follows:

	2013
Balance at beginning of year	P128,026
Provision for impairment loss	8
Balance at the end of year	P128,034

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, 2014 and 2013 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.

7. Other Noncurrent Assets

This account consists of:

	Note	2014	2013
Prepaid taxes		P3,089	P2,853
Receivables from related parties	4	196	196
Miscellaneous deposits	4	140	140
Others		20	20
		3,445	3,209
Less allowance for impairment losses on prepaid taxes and receivables from related parties		3,049	3,049
		P396	P160

Prepaid taxes consists of input taxes and tax refund.

Miscellaneous deposits pertains to security deposits made by the client.

The movements in allowance for impairment losses on other noncurrent assets in 2013 are as follows:

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

8. Accounts Payable and Accrued Expenses

This account consists of:

	<i>Note</i>	2014	2013
Accrued expenses	4	P14,603	P14,552
Payable to third party	4	1,939	1,939
Trade payables	4	644	644
Withholding tax payable		17	48
Others	4	4,400	4,400
		P21,603	P21,583

Accrued expenses are liability to suppliers from cumulative expenses incurred by the Group. The settlement of this account is highly dependent on collection of claims from PRA.

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		Terms and Conditions
				Related Parties	Due to Related Parties	
Shareholders						
<u>Prime Orion Philippines Inc. (POPI)</u>						
Cash advance	2014		P -	P6,968	Due and demandable; interest bearing	Unsecured
	2013		-	6,968		
Interest expense	2014	a	2,181	9,751		
	2013		1,896	7,570		
<u>Other Shareholders</u>						
Cash advance	2014		-	31,858	Due and demandable; interest bearing	Unsecured
	2013		-	31,850		
Interest expense	2014	a	233,991	1,762,083		
	2013		263,471	1,528,092		
<u>Primer Commercial Holding, Inc.</u>						
Cash advance	2014	b	3,613	8,280	Due and demandable; non-interest bearing	Unsecured
	2013		4,668	4,667		
<u>Italian Thai</u>						
Cash advance	2014		-	2,036	Due and demandable; non-interest bearing	Unsecured
	2013		-	2,036		
	2014			P1,820,968		
	2013			P1,581,183		

- a) Cash advances from POPI and other shareholders bears interest of 15% per annum, compounded annually until fully paid. The payment term which was stipulated in the Repayment Agreement for such advances were approved by the BOD on March 14, 2003. Interest expense incurred from the above cash advances amounted to P236,172, P205,367 and P177,909 in 2014, 2013 and 2012, 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) The Parent Company obtains cash advances from Primera to support its day to day operations. These advances are payable on demand. As at December 31, 2014, the stockholders have yet to decide what option to take to settle outstanding payable.
- c) The Group has no key management personnel as at December 31, 2014 and 2013.

As at December 31, 2014 and 2013, the Group has receivables from related parties amounting to P0.2 million which is fully provided with allowance for impairment losses.

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:

Stockholders	Number of Shares	
	Common	Preferred
One Bacolod Express Holdings, Inc.	364,577,424	1,609,359,778
Primera Comercio 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, 2014, there are no updates with regard to this transaction.

11. General and Administrative Expenses

This account consists of:

	2014	2013	2012
Professional fees	P1,436	P1,812	P1,285
Listing fee and filing fee	715	504	474
Supplies	105	109	164
Communication, light and water	85	94	257
Taxes and licenses	15	29	29
Bank charges	9	9	-
Travel and transportation	-	-	4
Dthers	82	187	148
	P2,447	P2,744	P2,361

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

12. Income Taxes

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

	2014	2013	2012
Loss before income tax	(P238,614)	(P209,310)	(P180,259)
Income tax benefit at statutory rate at 30%	(P71,584)	(P62,793)	(P54,078)
Reduction in (addition to) income tax benefit resulting from:			
Expiration of NOLCO	49,779	61,193	41,012
Movement in unrecognized deferred tax assets	(53,687)	1,600	13,068
Expired MCIT	4,641	-	-
Nondeductible expenses	70,851	-	(2)
Income tax expense	P -	P -	P -

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.

	2014	2013
Allowance for impairment of project development cost	P6,612,964	P6,612,964
NOLCO	390,821	554,308
Allowance for impairment losses of receivables	128,034	128,034
MCIT	-	4,641
Allowance for nonrecoverability of other noncurrent assets	3,049	3,049
	P7,134,868	P7,302,996

As at December 31, 2014, 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
2011	P165,932	(P165,932)	P -	2014
2012	180,266	-	180,266	2015
2013	208,110	-	208,110	2016
2014	2,445	-	2,445	2017
	P556,753	(P165,932)	P390,821	

The Group's MCIT amounting to P4,641,301 expired during the year.

13. Basic and Diluted Loss Per Share

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

	2014	2013	2012
Net loss (a)	(P238,614)	(P209,310)	(P180,259)
Weighted average number of shares (b)	5,985,062	5,985,062	5,419,043
Basic and diluted loss per share (a/b)	(P0.040)	(P0.035)	(P0.033)

As at December 31, 2014 and 2013 there are no dilutive debt or equity instruments.

14. 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.

Cyber Bay Corporation and a Subsidiary
List of Effective Standards and Interpretations as of
December 31, 2014

PHILIPPINE FINANCIAL REPORTING STANDARDS (AND INTERPRETATIONS) Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of 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			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: First-time Adoption of Philippine Financial Reporting Standards - Repeated Application of PFRS 1			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Borrowing Cost Exemption			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: PFRS version that a first-time adopter can apply			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Meaning of 'vesting condition'			✓
PFRS 3 (Revised)	Business Combinations			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Classification and measurement of contingent consideration			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope exclusion for the formation of joint arrangements			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Changes in method for disposal			✓
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	✓		
	Annual Improvements to PFRSs 2012 - 2014 Cycle: 'Continuing involvement' for servicing contracts			✓
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Offsetting disclosures in condensed interim financial statements	✓		
PFRS 8	Operating Segments			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Disclosures on the aggregation of operating segments			✓
PFRS 9	Financial Instruments		✓	
	<i>Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39</i>		✓	
PFRS 9 (2014)	Financial Instruments		✓	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Effective as of December 31, 2014				
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	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Measurement of short-term receivables and payables	✓		
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope of portfolio exception	✓		
PFRS 14	Regulatory Deferral Accounts			✓
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	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Presentation of Financial Statements - Comparative Information beyond Minimum Requirements			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Presentation of the Opening Statement of Financial Position and Related Notes			✓
	Amendments to PAS 1: Disclosure Initiative			✓
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	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Property, Plant and Equipment - Classification of Servicing Equipment	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PAS 17	Leases		✓	
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits			✓
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Discount rate in a regional market sharing the same currency - e.g. the Eurozone			✓
PAS 28	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendments: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Definition of 'related party'	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Financial Instruments Presentation - Income Tax Consequences of Distributions			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Interim Financial Reporting - Segment Assets and Liabilities			✓
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Disclosure of information "elsewhere in the interim financial report"			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
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			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Inter-relationship of PFRS 3 and PAS 40			✓
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	<i>Determining Whether an Arrangement Contains a Lease</i>			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	<i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>			✓
IFRIC 7	<i>Applying the Restatement Approach under PAS 29: Financial Reporting in Hyperinflationary Economies</i>			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	<i>Interim Financial Reporting and Impairment</i>			✓
IFRIC 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			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
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			✓
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	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
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(i) - 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 SMEFG 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			✓

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT


1. Report is Filed for the Year 2014
2. Exact Name of Registrant as Specified in its Charter Cyber Bay Corporation
3. 2402 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City, 1605
Address of Principal Office Postal Code
4. SEC Identification Number 165539
5. (SEC Use Only)
Industry Classification Code

6. BIR Tax Identification Number 320-000-157-237
7. (632) 636-6080 / 633-9757
Issuer's Telephone number, including area code
8. N.A.
Former name or former address, if changed from the last report

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	9
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Actual number of Directors for the year	9
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(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director
Oscar L. Paras Jr.	ED		Raul G. Gerodias	Nov 2010	22 Dec 2014	Annual Meeting	4
Raul G. Gerodias	ED		Oscar L. Paras Jr.	Dec 2012	22 Dec 2014	Annual Meeting	2
Yuen Po Seng	NED		Oscar L. Paras Jr.	1993	22 Dec 2014	Annual Meeting	22
Evita C. Caballa	ID		Raul G. Gerodias / no relationship to ID	Nov 2010	22 Dec 2014 (4 years)	Annual Meeting	4
Ricardo Jose G. Nicolas III	ID		Oscar L. Paras Jr./no relationship to ID	Dec 2012	22 Dec 2014 (2 years)	Annual Meeting	2
Raul Tito A. Estrella	NED		Oscar L. Paras Jr.	Dec 2011	22 Dec 2014	Annual Meeting	3
Cheryl S. Saldaña-de Leon	ED		Raul G. Gerodias	Nov 2010	22 Dec 2014	Annual Meeting	4
Frederick G. Liong	NED		Raul G. Gerodias	Dec 2013	22 Dec 2014	Annual Meeting	1
Mark Jayson E. Alapoop	ED		Raul G. Gerodias	April 2014	22 Dec 2014	Annual Meeting	1

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

The Board respects the rights of the stockholders as provided for in the Corporation Code, namely: ·

- (i) Right to vote on all matters which require their consent or approval;
- (ii) Pre-emptive right to all stock issuances of the corporation;
- (iii) Right to inspect corporate books and records;
- (iv) Right to information;
- (v) Right to dividends; and
- (vi) Appraisal right.

The Board is transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders are encouraged to personally attend such meetings. If they cannot attend, they are apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By- Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

The Board takes appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information is made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

The Board gives minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

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

The Board believes that this may not be applicable to the Company due to its non-operational status. Once the Company revives its operations or when there are significant developments toward the revival of its operations, it shall review and approve its vision and mission.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group¹

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

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Raul G. Gerodias	Central Bay Reclamation and Development Corporation	ED/Chairman
Yuen Po Seng	Central Bay Reclamation and Development Corporation	NED
Evita C. Caballa	Central Bay Reclamation and Development Corporation	ID
Cheryl S. Saldaña-de Leon	Central Bay Reclamation and Development Corporation	ED
Mark Jayson E. Alapoop	Central Bay Reclamation and Development Corporation	ED

(ii) Directorship in Other Listed Companies

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

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Yuen Po Seng	Prime Orion Philippines, Inc.	President & CEO
	Zeus Holdings, Inc.	President & CEO

(iii) Relationship within the Company and its Group

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

¹ The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

- (iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines: The Company has not set any limits of this nature.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	N.A.	
Non-Executive Director	N.A.	
CEO	N.A.	

(e) Shareholding in the Company

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

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Oscar L. Paras, Jr.	1	30,000	0.00002%
Raul G. Gerodias	1		0.00002%
Yuen Po Seng	5,001		0.0001%
Raul Tito A. Estrella	999		0.00002%
Evita C. Caballa	200,000		0.003%
Cheryl S. Saldaña-de Leon	999		0.00002%
Frederick G. Liong	1		0.00002%
Ricardo Jose G. Nicolas, III	1		0.00002%
Mark Jayson E. Alapoop	1		0.00002%
TOTAL			0.004%

2) Chairman and CEO

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

Yes No

Identify the Chair and CEO:

Chairman of the Board	Oscar L. Paras Jr.
CEO/President	Raul G. Gerodias

- (b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	The Chairman of the Board is responsible for the management, the development and the effective performance of the Board of Directors, and provides leadership to the Board for all aspects of the Board's work.	The Chief Executive Officer ("CEO") is responsible for leading the development and execution of the Company's long term strategy with a view to creating shareholder value.
Accountabilities	The Chairman acts in an advisory capacity to the President and Chief Executive Officer (CEO) and to other officers in all matters concerning the interests and management of the Corporation and, in consultation with the CEO, plays a role in the Corporation's external relationships.	The CEO's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long and short term plans.
Deliverables	Chairs annual and special meetings of the shareholders. Plans and organizes all of the activities of the Board of Directors including: (i) the preparation for, and the conduct of, Board meetings; (ii) the quality, quantity and timeliness of the information that goes to Board members; (iii) the evaluation of the Board's effectiveness and implementation of improvements; (iv) the ongoing formal and informal communication with and among Directors.	The CEO acts as a direct liaison between the Board and management of the Company and communicates to the Board on behalf of management. The CEO also communicates on behalf of the Company to shareholders, employees, Government authorities, other stakeholders and the public.

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

Due to the non-operational status of the Company, there are no employees or key officers aside from the Board of Directors. In a limited sense, the Board of Directors benchmark potential leadership. Benchmarking involves collecting information about potential successors. Benchmarking provides the Board with in-depth profiles of potential leaders, putting the Board in a better position to assemble quickly a list of potential CEO candidates and potential members of the Board. If the office of the President becomes vacant by death, resignation or otherwise, the Board of Directors by a majority vote may choose a successor who shall hold office for the unexpired term. In case of temporary absence of any officer of the Corporation or for any other person that the Board of Directors may deem sufficient, the Board of Directors may delegate the powers and duties of such officer to another qualified person.

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

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

explain.

Yes. It is required that the Nomination Committee pre-screens all candidates nominated to become a member of the Board. Nominees must have a practical understanding of the business of the corporation, must be a member of the relevant industry in good standing, or a member in good standing of business or professional organizations. Each nominee is thus required to submit a summary of his or her previous business experience.

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

Yes. Nominees must have a practical understanding of the business of the corporation, must be a member of the relevant industry in good standing, or a member in good standing of business or professional organizations. Each nominee is thus required to submit a summary of his or her previous business experience.

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

	Executive	Non-Executive	Independent Director
Role	To design, develop and implement strategic plans for their organization in a cost-effective and time-efficient manner	To provide a creative contribution to the board by providing objective criticism.	To guard against and be a deterrent to fraud and mismanagement, inefficient use of resources, inequality and unaccountability of decisions; and as a forerunner for striking the right balance between individual, economic and social interests.
Accountabilities	Responsible for the day-to-day operation of the organization, including managing committees and staff and developing business plans in collaboration with the board for the future of the organization. In essence, the board grants the Executive Director the authority to run the organization	Takes responsibility for monitoring the performance of executive management, especially with regard to the progress made towards achieving the determined company strategy and objectives	–Oversight of company financial reporting process and disclosure of its financial information -Review with management, the annual financial statements before approval by the board with particular reference to Directors Responsibility Statement, changes in accounting policy, major accounting estimates, audit findings adjustments, compliance with listing and other legal requirements, disclosure of related party transactions and qualification in the draft

			audit report. -Review financial statements of subsidiary companies with special attention to investments made by them
Deliverables	The Executive Director is a leadership role for an organization and often fulfills a motivational role in addition to office-based work. Executive Directors motivate and mentor members, volunteers, and staff, and may chair meetings. The Executive Director leads the organization and develops its organizational culture.	Non-executive directors are expected to focus on board matters and not stray into 'executive direction,' thus providing an independent view of the company that is removed from day-to-day running. Non-executive directors, then, are appointed to bring to the board: <ul style="list-style-type: none"> • independence; • impartiality; • wide experience; • special knowledge; • personal qualities. 	Independent Directors shall: <ol style="list-style-type: none"> prepare thoroughly for the meeting be objective in forming sound decisions relating to the company and its business be open minded, free and frank in expressing their opinions and at the same be willing to engage in meaningful debates be committed to decisions made as a Board, continuously seek information both from within and if required outside professional knowledge to keep abreast with the latest developments in the areas of the company's operations be informed on laws and regulations influencing their functioning as directors Utilize the expertise they possess to the good advantage of the company

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

The Company defines an independent director as a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

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

The company has a term limit of five consecutive years for independent directors in accordance with the SEC Memorandum. The Company has yet to provide for rules for returning independent directors.

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

(a) Resignation/Death/Removal

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

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

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

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	The election of the members of the Board is held during the Annual Stockholders' Meeting. In accordance with the Corporation's Manual for Corporate Governance (the "Manual"), the Nomination Committee shall pre-screened all candidates nominated to become a member of the Board in accordance with the qualifications and disqualifications set forth in the Manual.	In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code ("SRC") and other relevant laws, the Board may provide for additional qualifications which include, among others, the following: (i) College education or equivalent academic degree; (ii) Practical understanding of the business of the corporation; (iii) Membership in good standing in relevant industry, business or professional organizations; and (iv) Previous business experience.
(ii) Non-Executive Directors		
(iii) Independent Directors	Only the nominees for Independent Directors whose names appear in this Information Statement shall be eligible for election as Independent Director. No further nomination shall be entertained or allowed on the floor during the actual Annual Meeting.	(i) Is not a director or officer or substantial stockholder of THE COMPANY or of its related companies or any of its substantial stockholders (other than as an independent director of any of the foregoing); (ii) Does not own more than 2% of the shares in THE COMPANY and/or its related companies or its substantial stockholders; (iii) Is not related to any

	<p>The Chairman of the Annual Meeting shall inform all stockholders in attendance of the mandatory requirement of electing two Independent Directors. He shall ensure that two Independent Directors are elected during the Annual Meeting. Specific slots for Independent Directors shall not be filled by unqualified nominees. In case of failure of election for Independent Directors, the Chairman of the Annual Meeting shall call a separate election during the same meeting to fill up the vacancy.</p>	<p>director, officer or substantial stockholder of THE COMPANY, any of its related companies or any of its substantial stockholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;</p> <p>(iv) Is not acting as a nominee or representative of any director or substantial stockholder of THE COMPANY, and/or any of its related companies and/or any of its substantial stockholders;</p> <p>(v) Has not been employed in any executive capacity by THE COMPANY, any of its related companies and/or by any of its substantial stockholders within the last 2 years;</p> <p>(vi) Is not retained, either personally or through his firm or any similar entity as professional adviser by THE COMPANY, any of its related companies or any of its substantial stockholders within the last 2 years; or</p> <p>(vii) Has not engaged and does not engage in any transaction with THE COMPANY and/or with any of its related companies and/or with any of its substantial stockholders, whether by himself or with other persons or through a firm of which he is a partner and/or a company of which he is a director or substantial stockholder, other than transactions which are conducted at arm's length and are immaterial.</p> <p>(i) He shall have at least 1 share of stock of THE COMPANY;</p> <p>(ii) He shall be at least a college graduate or he shall have been engaged or exposed to the business of THE COMPANY for at least 5 years;</p> <p>(iii) He shall possess integrity/probity; and</p> <p>(iv) He shall be assiduous.</p>
b. Re-appointment		
(i) Executive Directors	Members of the Board shall serve for a term of	

(ii) Non-Executive Directors	one year and until their successors shall have	
(iii) Independent Directors	been duly elected and qualified.	
c. Permanent Disqualification		
(i) Executive Directors		<p>(i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the SRC; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>(ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, SRC or any other law administered by the SEC or Bangko Sentral ng Pilipinas ("BSP"), or under any rule</p>
(ii) Non-Executive Directors		

		<p>or regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;</p> <p>(iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>(iv) Any person who has been adjudged by final judgment or order of the SEC, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, SRC or any other law administered by the SEC or BSP, or any of its rule, regulation or order;</p> <p>(v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</p> <p>(vi) Any person judicially declared as insolvent;</p> <p>(vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in subparagraphs (i) to (v) above;</p> <p>(viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.</p>
(iii) Independent Directors		Same as above, and additionally, no person convicted by final judgment

		of an offense punishable by imprisonment for a period exceeding 6 years, or a violation of the SRC committed within 5 years prior to the date of his election, shall qualify as an Independent Director
d. Temporary Disqualification		
(i) Executive Directors	A temporarily disqualified director shall, within sixty business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	The Board may provide for the temporary disqualification of a director for any of the following reasons: (i) Refusal to comply with the disclosure requirements of the SRC and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists; (ii) Absence in more than fifty percent of all regular and special meetings of the Board during his incumbency, or any twelve-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election; (iii) Dismissal or termination for cause as director of any corporation covered by the Corporation Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination; (iv) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with; (v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.
(ii) Non-Executive Directors		
(iii) Independent Directors		
e. Removal		

(i) Executive Directors		
(ii) Non-Executive Directors		
(iii) Independent Directors		<p>Any person who has been finally convicted by a competent judicial or administrative body of the following: (a) any crime involving the purchase or sale of securities, e.g., proprietary or non-proprietary membership certificate, commodity futures contract, or interest in a common trust fund, pre-need plan, pension plan or life plan; (b) any crime arising out of the person's conduct as an underwriter, broker, dealer, investment company, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, floor broker; and (c) any crime arising out of his relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>(ii) Any person who, by reason of any misconduct, after hearing or trial, is permanently or temporarily enjoined by order, judgment or decree of the SEC or any court or other administrative body of competent jurisdiction from: (a) acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer; futures commission merchant; commodity trading advisor, or a floor broker; (b) acting as a director or officer of a bank, quasi-bank, trust company, investment house, investment company or an affiliated person of any of them; (c) engaging in or continuing any conduct or practice in connection with any such activity or willfully violating laws governing securities, and banking activities. Such disqualification shall also apply when such person is currently subject to an effective order of the SEC or any court or other administrative body refusing, revoking or suspending any registration, license or permit issued under the Corporation Code, SRC, or</p>

		<p>any other law administered by the SEC or BSP, or under any rule or regulation promulgated by the SEC or BSP, or otherwise restrained from engaging in any activity involving securities and banking. Such person is also disqualified when he is currently subject to an effective order of a self-regulatory organization suspending or expelling him from membership or participation or from associating with a member or participant of the organization;</p> <p>(iii) Any person finally convicted judicially or administratively of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false oath, perjury or other fraudulent act or transgressions;</p> <p>(iv) Any person finally found by the SEC or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the SRC, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation or order of the SEC or BSP, or who has filed a materially false or misleading application, report or registration statement required by the SEC, or any rule, regulation or order of the SEC;</p> <p>(v) Any person judicially declared to be insolvent;</p> <p>(vi) Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts; violations or misconduct similar to any of the acts, violations or misconduct listed in paragraphs (i) to (v) hereof;</p> <p>(vii) Any affiliated person who is ineligible, by reason of paragraphs (i) to (v) hereof to serve or act in the capacities listed in those paragraphs;</p> <p>(viii) Conviction by final judgment of an offense punishable</p>
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		<p>by imprisonment for a period exceeding 6 years, or a violation of the Corporation Code, committed within 5 years prior to the date of his election or appointment;</p> <p>(ix) He becomes an officer or employee of THE COMPANY where he is such member of the board of directors/trustees, or becomes any of the persons enumerated in item (i) to (viii) hereof;</p> <p>(x) His beneficial security ownership exceeds 10% of the outstanding capital stock of THE COMPANY where he is such director;</p> <p>(xi) Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family; and</p> <p>(xii) Such other disqualifications which THE COMPANY's Manual provides.</p>
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Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Oscar L. Paras Jr.	Approx. 3,784,655,999 or 62% of the outstanding capital stock
Raul G. Gerodias	Approx. 3,784,655,999 or 62% of the outstanding capital stock
Yuen Po Seng	Approx. 3,784,655,999 or 62% of the outstanding capital stock
Evita C. Caballa	Approx. 3,784,655,999 or 62% of the outstanding capital stock
Ricardo Jose G. Nicolas III	Approx. 3,784,655,999 or 62% of the outstanding capital stock
Raul Tito A. Estrella	Approx. 3,784,655,999 or 62% of the outstanding capital stock
Cheryl S. Saldaña-de Leon	Approx. 3,784,655,999 or 62% of the outstanding capital stock
Frederick G. Liong	Approx. 3,784,655,999 or 62% of the outstanding capital stock
Mark Jayson E. Alapoop	Approx. 3,784,655,999 or 62% of the outstanding capital stock

6) Orientation and Education Program

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

- (b) State any in-house training and external courses attended by Directors and Senior Management² for the past three (3) years: N.A.
- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year. N.A.

While the Company has a formal board in place, it is still establishing a suitable and practical director development program.

B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees: Note: The Company has no employees or senior management.

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage	N.A.	N.A.
(b) Conduct of Business and Fair Dealings		N.A.	N.A.
(c) Receipt of gifts from third parties		N.A.	N.A.
(d) Compliance with Laws & Regulations		N.A.	N.A.
(e) Respect for Trade Secrets/Use of Non-public Information		N.A.	N.A.
(f) Use of Company Funds, Assets and Information		N.A.	N.A.
(g) Employment & Labor Laws & Policies		N.A.	N.A.
(h) Disciplinary action		N.A.	N.A.
(i) Whistle Blower		N.A.	N.A.
(j) Conflict Resolution		N.A.	N.A.

² Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

	at the expense of the corporation.		
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- 2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees? Yes.
- 3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

Since this is applicable to small group of individuals only, the Board itself implements and monitors compliance.

4) Related Party Transactions

(a) Policies and Procedures

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

Related Party Transactions are limited to loans to or from substantial stockholders which has been thoroughly disclosed to the Commission, Exchange and the Stockholders. Other than these transactions and because of the non-operational status of the Company, there are no

Related Party Transactions	Policies and Procedures
(1) Parent Company	All related-party Transactions must be brought to the attention of the Board of Directors. The Board will determine whether the terms of the related-party Transaction are fair to the Company and on terms at least as favorable as would apply if the other party was not or did not have an affiliation with a director, executive officer of the Company; whether there are demonstrable business reasons for the Company to enter into the related-party transaction; whether the related-party transaction would impair the independence of a director; and whether the related-party transaction would present an improper conflict of interests for any director, executive officer of the Company, taking into account the size of the transaction, the overall financial position of the director, executive officer, the direct or indirect nature of the interest of the director, executive officer in the transaction, the ongoing nature of any proposed relationship, and any other factors the Board deems relevant. Any member of the Board who has an interest in the transaction under discussion will abstain from voting on the approval of the related-party Transaction.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

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

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

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	N/A

Name of Officer/s	N/A
Name of Significant Shareholders	N/A

(ii) Mechanism

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

	Directors/Officers/Significant Shareholders
Company	N/A
Group	N/A

There is currently no structured mechanism adopted by the Company or its group to detect, determine and resolve possible conflict of interest, if any, between the Company and/or its group and their directors, officers and significant shareholders. However, the Company's nomination committee pre-screens candidates for members of the Company's board of directors to avoid any possible conflict of interest from arising. The Company's Compliance Officer and legal counsels also check for possible conflicts whenever the Company enters into transactions.

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,³ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
N/A		

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
N/A		

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

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

6) Alternative Dispute Resolution

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

Due to the non-operational status of the Company, it does not have an alternative dispute resolution system to amicably settle conflicts or differences between the Company and its stockholders, between the Company and third parties, including regulatory authorities.

³ Family relationship up to the fourth civil degree either by consanguinity or affinity.

C. BOARD MEETINGS & ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year? The Board strives to meet at least every quarter.
- 2) Attendance of Directors for the year 2014

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	OSCAR L. PARAS JR.	DEC 2012	6	6	100
Member	RAUL G. GERODIAS	DEC 2012	6	6	100
Member	YUEN PO SENG	1993	6	5	83
Member	RAUL TITO A. ESTRELLA	Dec 2011	6	6	100
Independent	EVITA C. CABALLA	Nov 2010	6	6	100
Independent	RICARDO JOSE G. NICOLAS III	Dec 2012	6	6	100
Member	CHERYL S. SALDAÑA-DE LEON	Nov 2010	6	6	100
Member	FREDERICK G. LIONG	Nov 2010	6	6	100
Member	MARK JAYSON E. ALAPOOP	APRIL 2014	5	5	100

- 3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

None.

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

A quorum at any meeting of the directors shall consist of a majority of the entire membership of the board. A majority of such quorum shall decide any questions that may come before the meeting.

- 5) Access to Information

- (a) How many days in advance are board papers⁴ for board of directors meetings provided to the board?

Since the matters to be discussed are limited due to the non-operational status of the Company, board papers are provided to the board at least one (1) day before the date of such meeting.

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

Yes.

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

The Corporate Secretary has the following duties:

- (i) To keep the minutes of all meetings of the Board of Directors and of the stockholders;
- (ii) To keep the stock and transfer book and the corporate seal, which he shall stamp on all documents

⁴ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

requiring such seal of the Corporation;

(iii) To fill and countersign all the certificates of stock issued, asking corresponding annotations on the margins of stubs of such certificates upon issuance;

(iv) To give, or cause to be given, all notices required by law or by-laws of the Corporation as well as notices of all meeting of the Board of Directors and of the stockholders.

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

Yes.

(e) Committee Procedures

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

Yes

No

Committee	Details of the procedures
Executive	N/A
Audit	N/A
Nomination	N/A
Remuneration	N/A
Others (specify)	N/A

6) External Advice

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

The Company refers its directors to external counsels and other advisors whenever they have questions regarding the Company's transactions and to prepare them for board and committee meetings.

7) Change/s in existing policies

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

There were no changes introduced by the Board of Directors during its most recent term on existing policies that may have an effect on the business of the company.

D. REMUNERATION MATTERS

1) Remuneration Process

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

The Board of Directors shall fix the compensation of the officers and agents of the Company. There is no particular process followed by the Board.

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

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

Due to the non-operational status of the Company, there is no significant remuneration or compensation package for the members of the Board of Directors.

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

N/A

3) Aggregate Remuneration

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

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	N/A		
(b) Variable Remuneration	N/A		
(c) Per diem Allowance	N/A		
(d) Bonuses	N/A		
(e) Stock Options and/or other financial instruments	N/A		
(f) Others (Specify)	N/A		
Total			

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	N/A		
2) Credit granted	N/A		
3) Pension Plan/s Contributions	N/A		
(d) Pension Plans, Obligations incurred	N/A		
(e) Life Insurance Premium	N/A		
(f) Hospitalization Plan	N/A		
(g) Car Plan	N/A		
(h) Others (Specify)	N/A		
Total			

4) Stock Rights, Options and Warrants

(a) Board of Directors

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

The Company has not granted any stock rights, options or warrants over the Company's shares to any member of the Company's Board of Directors.

(b) Amendments of Incentive Programs

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

Incentive Program	Amendments	Date of Stockholders' Approval
N/A		

5) Remuneration of Management

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

Due to its non-operational status, the Company no longer has any employees.

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Audit	1	1	1				
Nomination	2	-	1				
Remuneration	2	-	1				

2) Committee Members

(a) Executive Committee

The Company has no Executive Committee

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Evita C. Caballa	Nov 2011				
Member (ED)	Raul G. Gerodias	Dec 2012				

Member (NED)	Yuen Po Seng	Nov 2011				
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Disclose the profile or qualifications of the Audit Committee members.

Evita C. Caballa

Director:

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
 South Western Cement Corp.

Corporate Secretary:

Philippine Diamond Hotel and Resort Inc.
 Philippine Oriental Realty Development Inc.
 Bank of Commerce

Raul G. Gerodias

Director:

Fritz & Macziol Asia, Inc.
 ParexGroup Inc.
 Kyani Philippines, Inc.
 Globalpeak Holdings, Inc.
 The European Hair Factory, Inc.
 Kewalram Philippines, Inc.
 Elegant Infoventures, Inc.,
 Hi-Frequency Telecommunication, Inc.
 Metro Promo Concepts Corp.
 Zoraymee Holdings, Inc.
 Terrabay Holdings, Inc.
 MUSIC Group Limited
 MUSIC Group Commercial BM Ltd. MUSIC Group Services SG (Pte.) Ltd. MUSIC Group Services US Inc.
 MUSIC Group Services EU GmbH
 MUSIC Group Commercial HK Limited MUSIC Group Services JP K.K.
 MUSIC Group Macao Commercial Offshore Limited
 Music Group Macao Commercial Offshore Limited (Philippines) ROHQ
 MUSIC Group Commercial PH Inc.
 MUSIC Group Services NV Inc.
 MUSIC Group IP Ltd.
 MUSIC Group Research UK Limited
 Turbosound Ltd.,Behringer International Service Centre Limited, Zhongshan Eurotec Electronics Limited
 Zhongshan Eurotec Electronics Limited (Shenzhen Branch)
 MUSIC Group Commercial BM Ltd. (Philippines)
 ROHQ and Music Group Services PH Corp. (PEZA)

Board of Trustees:

Community Waterhope Foundation, Inc. Ateneo Law Alumni Association, Inc.

Chairman:

ALK Holdings and Management, Inc. Skytrooper Charter Phils., Inc.

AirMaverick Inc

President & Chairman:

GSE Management Services, Inc.,
Terramino Holdings, Inc.
Alpha Point Property Holdings, Inc.
AB Fiber Corp.

President:

Central Bay Reclamation and Development Corporation
Pixiedust, Inc.
Continuitas Corporation

Treasurer and Corporate Secretary:

Swiss Sense Worldwide, Inc.

Director and Treasurer:

Swiss Sense, Inc.

Director and Corporate Secretary:

AB Food and Beverages Phils. Inc.
Fujitsu Ten Corporation of the Philippines
Kiden Development Corporation
Diez Corporation
TKG Corporation
ASC Phils., Inc.
Unitel Productions, Inc.
Quento Media, Inc.
Merlin Information Systems Philippines, Inc.,
TD Outsourcing Philippines, Inc.
Adventure Bay Resort and Theme Park, Inc.
Ashwell Holdings, Inc.
Musungu, Inc.
Assetvalues Holding Company, Inc.
Philippine Bio-Ethanol & Energy Investment Corp.

Corporate Information Officer &

Compliance Officer:

Leisure & Resorts World Corporation

Resident Agent:

Music Group Macao Commercial Offshore Limited (Philippines) ROHQ
Shinko Electric Industries Co., Ltd.

Corporate Secretary:

AB Leisure Exponent, Inc. (Bingo Bonanza Corporation)
AB Leisure Global, Inc.
Fujitsu Die-Tech Corporation of the Philippines
Fujitsu Ten Solutions Philippines, 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
UUU Realty Holdings, Inc.
One World Connections, Inc.

Eco Fuel Land Development, Inc.
I & Lu Tobacco Company, Inc.
Coastal Training Philippines Corp. DBA DuPont Sustainable Solutions
Teleaccess, Inc.
Straight Shooters Media, Inc.
Healthwealth International Corp.
Middleby Philippines Corporation Middleby Worldwide Phils., Inc.
Ferrier Hodgson Philippines, Inc.
FH Corporate Services, Inc.
FH Asset Management Corp.
Ferrier Hodgson Management Services, Inc.
FTI Consulting Administrative Services, 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.

Yuen Po Seng

Director:

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.

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.

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

The Audit Committee has the following responsibilities relative to the external auditor:

- (i) Recommend nominees for external auditors;
- (ii) Perform oversights functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- (iii) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expense of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- (iv) Review the reports submitted by the internal and external auditors;
- (v) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report;
- (vi) Establish and identify the reporting line of the internal auditor to enable him to properly fulfil his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committees shall ensure that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties;
- (vii) Review and evaluation, on an annual basis (at the minimum), of the performance of the external auditors (including lead partner) and recommend to the Board of Directors the appointment of the external auditor;
- (viii) Review the external auditor's proposed audit scope and approach;
- (ix) On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed separately.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Evita C. Caballa	Nov 2011				
Member (ED)	Raul G. Gerodias	Dec 2012				
Member (NED)	Frederick G. Liong	Dec 2013				

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Ricardo Jose G. Nicolas III	Dec 2012				
Member (ED)	Raul G. Gerodias	Dec 2012				
Member (ED)	Mark Jayson E. Alapoop	April 2014				

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes. There were no changes in committee membership during the year.

4) Work Done and Issues Addressed

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

Due to the non-operational status of the Company, there were no significant issues addressed by any of the committees this year.

5) Committee Program

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

Due to the non-operational status of the Company, there were no significant programs implemented by any of the committees this year.

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

- (a) Overall risk management philosophy of the company;
- (b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;
- (c) Period covered by the review;
- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and
- (e) Where no review was conducted during the year, an explanation why not.

2) Risk Policy

- (a) Company

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

Risk Exposure	Risk Management Policy	Objective
Liquidity Risk	To manage liquidity risk, the Company maintains sufficient liquid assets to meet its maturing obligations and to meet current operating requirements.	Management of Liquidity Risk

(b) Minority Shareholders

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

Risk to Minority Shareholders
The principal risk of the exercise of controlling shareholders' voting power to minority shareholders is that the minority shareholders will not be able to vote against matters voted upon by controlling shareholders. Despite this, the Company ensures that all matters to be decided upon by the shareholders are discussed during a stockholders' meeting and any objections on such matters by any shareholder are heard.

3) Control System Set Up

(a) Company

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit and liquidity risks	Assessment and monitoring are conducted initially by the Company's officers. These are then discussed with Management and the Board if necessary.	To reduce credit risks, the Company concentrates its main cash activities with a bank that has good financial ratings. Also the utilization of credit limits with the bank is regularly monitored. To manage liquidity risk, the Company maintains sufficient liquid assets to meet its maturing obligations and to meet current operating requirements.
Legal risks	Assessment and monitoring are conducted initially by the Company's officers. These are then discussed with external counsels and other advisors, and with Management and the Board if necessary.	Company officers regularly consult with external counsels and other advisors to manage and control perceived legal risks. Directors also have direct access to external counsel, so they can prepare and get appropriate advice before corporate actions are taken.

(b) Group

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit and liquidity risks	Assessment and monitoring are conducted initially by the Company's officers. These are then discussed with Management and the Board if necessary.	To reduce credit risks, the Company concentrates its main cash activities with a bank that has good financial ratings. Also the utilization of credit limits with the bank is regularly monitored. To manage liquidity risk, the Company maintains sufficient liquid assets to meet its maturing obligations and to meet current operating requirements.
Legal risks	Assessment and monitoring are conducted initially by the Company's officers. These are then discussed with external counsels and other advisors, and with Management and the Board if necessary.	Company officers regularly consult with external counsels and other advisors to manage and control perceived legal risks. Directors also have direct access to external counsel, so they can prepare and get appropriate advice before corporate actions are taken.

(c) Committee

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

Due to the non-operational status of the company, there is no such committee in charge of laying down and supervising these control mechanisms, and give details of its functions.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

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

- (a) Explain how the internal control system is defined for the company;
- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;
- (c) Period covered by the review;
- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and
- (e) Where no review was conducted during the year, an explanation why not.

The Audit Committee carries out the following duties in relation to the Company's Internal Control:

- Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;
- Understanding the scope of external auditor's review of internal controls over financial reporting and review of report on significant findings and recommendations, together with Management's responses;
- Adopt a suitable internal control framework (such as COSO-Internal Control Integrated Framework and Control Objectives for information and related technology);
- Monitor, oversee, and evaluate the duties and responsibilities of management, the internal auditor and the external auditor as those duties and responsibilities relate to the organization's processes for controlling its operations;
- Determine all major issues reported by internal auditor, external auditor and other outside advisors have been

satisfactorily resolved;

- Reporting to the Board of Directors all important matters pertaining to the organization’s control processes.

The directors have reviewed the effectiveness of the internal control system and consider them effective and adequate for purposes of the Company. The Board reviews the effectiveness of the internal control system at least on a yearly basis.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

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

The Audit Committee has the following functions in relation to the Internal Audit of the Company:

- Perform oversight functions over the Company’s internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- The Audit Committee shall ensure that, in performance of the work of the internal auditor, he shall be free from interference by outside parties;
- Review and approve the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it
Review with Management of the charter, activities and the organizational structure of the internal audit function;
- Review of significant findings and Management’s response including timetable for implementation to correct weaknesses; and any difficulties encountered by the auditors in the course of their audit (such as restrictions on the scope or access to information);
- Provide support to the internal audit function and provide high level follow up of audit recommendations when such action is needed;
- Review of the effectiveness of internal audit function, including compliance with the Standards for the Professional Practice of Internal Auditing;
- Confirm the appointment, replacement, or dismissal of the head of internal audit function;
- At least once a year, review the performance of the head of internal audit function and concur with annual compensation and salary adjustment;
- On a regular basis, meet separately with the head of the internal audit function to discuss any matter that the committee or internal audit believes should be discussed privately.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Effectiveness of internal control system (Key financial controls)	Cash and Expenses	Outsource Internal Audit Function	Outsource Internal Audit Function	Quarterly
Financial Accounting Computerize/Data base system	Assessment of design and implementation process and procedures	Outsource Internal Audit Function	Outsource Internal Audit Function	Annual

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

The hiring or appointment of an internal auditor or auditors shall be determined by the Board of Directors.

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

The Audit Committee, at least once a year, review the performance of the head of internal audit function and concur with annual compensation and salary adjustment. On a regular basis, the Audit Committee shall meet separately with the head of the internal audit function to discuss any matter that the committee or internal audit believes should be discussed privately.

- (d) Resignation, Re-assignment and Reasons

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

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

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

Progress Against Plans	N/A
Issues⁵	N/A
Findings⁶	N/A
Examination Trends	N/A

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

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

- (f) Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
The Audit Committee shall ensure that, in performance of the work of the internal auditor, he shall be free from interference by outside parties	Implemented
The Audit Committee shall review and approve the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources	Implemented

⁵ “Issues” are compliance matters that arise from adopting different interpretations.

⁶ “Findings” are those with concrete basis under the company’s policies and rules.

and budget necessary to implement it	
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(g) Mechanisms and Safeguards

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<p>The Audit Committee has put in place safeguards to ensure that the independence of the audit is not compromised. Such safeguards include:</p> <ul style="list-style-type: none"> a) Seeking confirmation that the auditor in their professional judgment is independent of the Company b) Obtaining from the external auditor an account of all relationships between the auditors and the company c) Monitoring the number of former employees of the external auditor currently employed in senior positions in the Company and assessing whether those appointments impair the auditor’s judgment or independence d) Considering the various relationships between the company and the external auditor impair the auditor’s judgment or independence e) Prohibiting the performance of services where the auditor: <ul style="list-style-type: none"> -may be required to audit their own work -participate in activities that would normally be undertaken by management -are remunerated through a “success fee” structure , where success is dependent on the audit and -act in an advocacy role for the company 	N/A	N/A	N/A

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

Oscar L. Paras Jr. – Chairman
Raul G. Gerodias – President

H. ROLE OF STAKEHOLDERS

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

Due to the non-operational status of the Company, there are no policies and activities relative to Customer’s welfare, supplier selection practice, environmentally friendly value-chain, community interaction, anti-corruption programs, and safeguarding creditors’ rights.

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

Due to the non-operational status of the Company, there is no separate CR report.

3) Performance-enhancing mechanisms for employee participation.

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

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

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

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

Since the Company has no employees, there are no performance-enhancing mechanisms for employee participation.

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

Since the Company has no employees, there are no performance-enhancing mechanisms for employee participation.

C. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corp. (Filipino) 37/F Tower I, The Enterprise Center 6766 Ayala Avenue cor. Paseo de Roxas Makati City	1,950,594,140	31.37%	*
Primera Comercio Holdings, Inc. 7064 Wilson St., Pio Del Pilar, Makati City	1,462,000,000	23.51%	Record Holder same as Beneficial Owner
Prime Orion Philippines, Inc. [formerly Guoco Holdings (Phils.) Inc.] 14/F B.A. Lepanto Bldg., Paseo de Roxas, Makati City	1,338,101,404	21.72%	Record Holder same as Beneficial Owner
UCPB TA#99-0196 5/F Trust Banking Division, UCPB Bldg., Makati City	1,000,000,000	16.23%	Skysetts, Inc.

* There are no beneficial owners under PCD Nominee Corporation which holds more than 5% shares in the Company.

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Oscar L. Paras, Jr.	1	30,000	0.00002%
Raul G. Gerodias	1		0.00002%
Yuen Po Seng	5,001		0.0001%
Raul Tito A. Estrella	999		0.00002%

Evita C. Caballa	200,000		0.003%
Cheryl S. Saldaña-de Leon	999		0.00002%
Frederick G. Liong	1		0.00002%
Ricardo Jose G. Nicolas, III	1		0.00002%
Mark Jayson E. Alapoop	1		0.00002%
TOTAL			0.004%

2) Does the Annual Report disclose the following:

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

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

Due to the non-operational status of the Company, there are no fixed policies in place re: whistle blowing, training and continuing education program, etc.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
R.G. Manabat & Co.	Php368,000.00	N/A

4) Medium of Communication

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

- Reports filed with the SEC and PSE
- Disclosures filed with the PSE
- Email
- Ordinary mail

- Facsimile

5) Date of release of audited financial report: **April 30, 2014**

6) Company Website

Due to the non-operational status of the company, the Company does not have a website for which up-to-date information are announced.

7) **Disclosure of RPT**

Limited to advances to/from stockholders. These are properly disclosed in the Financial Statements of the Company.

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

The Company engages independent third party advisors to help ensure RPTs are entered into at arm's length. Its independent directors participate in decisions involving RPTs.

J. RIGHTS OF STOCKHOLDERS

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

(a) Quorum

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

Quorum Required	A quorum at any meeting of the stockholders shall consist of a majority of the entire subscribed stock of the Company represented in person or by proxy, and a majority of such quorum shall decide any question that may come before the meeting, save and except in those several cases in which the laws of the Philippines require the affirmative vote of a greater proportion.
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Manual Counting
Description	<p>All issued and outstanding shares are common shares, with each share entitled to one vote. In respect of the Annual Meeting, all of the issued and outstanding shares have voting rights.</p> <p>All matters submitted for approval by the stockholders require the approval of the majority of the stockholders representing at least a majority of the issued and outstanding capital stock entitled to vote and constituting a quorum.</p> <p>Subject to the stockholders' right to cumulative voting in the election of the Directors and the guidelines on the election of Independent Directors set forth above, candidates receiving the highest number of votes shall be declared elected as members of the Board.</p> <p>Manual counting of votes shall be conducted by the corporate secretary. The</p>

	election shall be done by ballots unless the stockholders adopt some other means of voting at the meeting. The corporate secretary shall be authorized to count the votes cast.
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(c) Stockholders' Rights

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

Dividends

Declaration Date	Record Date	Payment Date
N/A	N/A	N/A

(d) Stockholders' Participation

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

Measures Adopted	Communication Procedure
Notice of meetings to stockholders	Notices of meetings are sent to the stockholders via ordinary mail
Proxy Instrument	Stockholders who may not be able to attend meetings in person but wish to participate through a proxy are advised to send a Proxy Instrument to the Corporate Secretary via ordinary mail or personal delivery prior to the meeting
Nomination of Directors	Stockholders who wish to nominate candidates for directors, including independent directors may submit their nominations to the Nomination Committee via ordinary mail or personal delivery

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
 - a. Amendments to the company's constitution
 - b. Authorization of additional shares
 - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

The stockholders are given notices of the holding of the meeting of the stockholders where matters requiring the approval of the stockholders will be discussed and approved.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? Yes.
 - a. Date of sending out notices: 19 November 2012
 - b. Date of the Annual/Special Stockholders' Meeting: 20 December 2012
4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

The stockholders requested for updates on the projects of the company, if any. The Chairman of the meeting, Peter C. Suchianco, responded that the company shall focus on the PRA claim. Future or prospective projects will only be addressed when the Company has settled the issues with PRA. Moreover, the Company gave an update of the conversion of the advances to equity that will positively impact the Company's financial statements.

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

Resolution	Approving	Dissenting	Abstaining
Electing the 2012-2013 Members of the Board of Directors	Unanimous		
Appointment of Manabat Sanagustin & Co. (an affiliate of KPMG) as external auditor	Unanimous		
Ratification of acts of the Board	Unanimous		

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

The results of the 2012 Annual Stockholders' Meeting were publicly reported through the filing by the Company with the Securities and Exchange Commission and the Philippine Stock Exchange of its SEC 17-C Report on 20 December 2012.

(e) Modifications

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

(f) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	8	22 Dec 2014	By poll	0.5%	62%	62%

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Yes. The stock and transfer agent is appointed to inspect/count/validate votes.

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

Yes.

(g) Proxy Voting Policies

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

	Company's Policies
Execution and acceptance of proxies	Stockholders who cannot attend the meeting in person may designate their authorized representative by submitting a Proxy instrument in accordance with Sec. 58 of the Corporation Code. Validation of the proxies shall be held on at least seven (7) days prior to the date of the Annual Meeting at the office of the Corporation's transfer agent, Banco de Oro Unibank, Inc. Stock Transfer Department, 15/F South Tower, BDO Corporate Center, 7899 Makati Avenue, Makati City.
Notary	
Submission of Proxy	
Several Proxies	
Validity of Proxy	
Proxies executed abroad	
Invalidated Proxy	
Validation of Proxy	
Violation of Proxy	

(h) Sending of Notices

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

Policies	Procedure
Written Notice	Notice of meetings and the Information Statement (with prior clearance from the SEC) for every regular or special meeting of the stockholders shall be prepared and mailed to the registered port office address, whether within or outside the Philippines, of each stockholder not less than fifteen (15) days prior to the date set for such meeting, such notice stating the object or objects of the meeting.

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	Approximately 720
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	01 December 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	01 December 2014
State whether CD format or hard copies were distributed	Hard copies
If yes, indicate whether requesting stockholders were provided hard copies	Yes

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

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	N/A
Documents required for proxy vote.	Yes

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

2) Treatment of Minority Stockholders

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

Policies	Implementation
The Company has no special set of rules on the treatment of minority shareholders. However, it adheres to the rights of minority shareholders provided under existing laws and regulations.	This is implemented in the conduct of the Company's stockholders' meetings and in its transactions.

(b) Do minority stockholders have a right to nominate candidates for board of directors?

All stockholders who wish to nominate candidates for directors, including independent directors may submit their nominations to the Nomination Committee via ordinary mail or personal delivery.

K. INVESTORS RELATIONS PROGRAM

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

Stockholders or Investors may access the PSE and SEC website for our annual financial reports and certain disclosures made by our officers and directors, structured reports, and charter/constitutive documents, etc.

Due to the non-operational status of the Company, the Corporate Secretary and Compliance Officer works hand in hand in the gathering and dissemination of Company information and news.

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

Cheryl S. Saldaña-de Leon
 Corporate Secretary and Compliance Officer
 Telephone: 633-9757
 Email: loydeleon@gselawfirm.com

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

The Company does not have any special rules and procedures in this regard. However, it will comply with applicable laws and regulations whenever it enters into any of the above transactions.

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

N/A

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

Due to the non-operational status of the Company, it does not have any corporate social responsibility initiatives during this time.

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

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

Aside from those related provision already discussed above, the Company does not presently have a system in place to assess the annual performance of its directors, board committees and officers.

N. INTERNAL BREACHES AND SANCTIONS

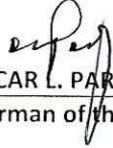
Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

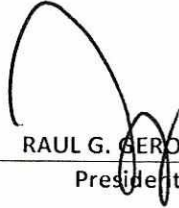
The Board is responsible for determining, after notice and hearing, any violation or breach of the corporate governance manual, and for recommending to the Board of Directors the appropriate penalty or sanction, which can range from reprimand to removal from office.


Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Pasig on 10th day of April 2015.

(Signature Page Follows)

SIGNATURES


OSCAR L. PARAS JR.
Chairman of the Board


RAUL G. GERODIAS
President



EVITA C. CABALLA
Independent Director


CHERYL S. SALDANA-DE LEON
Compliance Officer

SUBSCRIBED AND SWORN to before me this 10th day of April 2015, affiant(s) exhibiting to me their Tax Identification ID No., as follows:

OSCAR L. PARAS JR.	TIN 168-499-479
RAUL G. GERODIAS	TIN 129-434-349
EVITA C. CABALLA	TIN 153-225-124
RICARDO JOSE G. NICOLAS III	TIN 183-132-410
CHERYL S. SALDANA-DE LEON	TIN 202-946-957

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Book No. 1
Series of 2015.


JORDAN G. ZAFRA
Notary Public for Pasig
Commission until December 2015
2404 Discovery Center, 25 ADB Ave., Origan Center, Pasig City
APPT No. 241 (2014-2015) / Roll No. 63431
PTR. No 454499; 01/31/2015, Pasig City
IBP No. 978929; 01/05/2018; Manila IV