COVER SHEET

9142

S.E.C. Registration Number

FIL ESTATE CORPORATION

(Company's Full Name)

7TH FLOOR RENAISSANCE TOWERS

MERALCO AVENUE PASIG CITY

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

MR. RAMON G. JIMENEZ

Contact Person

633 6248

Company Telephone Number

12	31
Month	Day

2013

calendar year

SEC FORM 17Q (2nd Quarter 2013)

FORM TYPE

06	30
Month	Day

Registered/Listed

Secondary License Type, If Appplicable

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Domestic	Foreign

****

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended June 30, 2013

2. Commission identification number 9142 3. BIR Tax Identification No 043-000-194-408

4. Exact name of issuer as specified in its charter **FIL-ESTATE CORPORATION**

Philippines
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: [illegible]e Only)

7th Floor Renaissance Tower,
Meralco Avenue, Pasig City 1600
7. Address of registrant's principal office Postal Code

8. (02)633-6248
Issuer's telephone number, including area code

9. Not applicable
Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 n 12 of the Code, 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 stock - P 1 par value	2,000,000,000 shares

11. Are any or all of the securities listed on the Philippine Stock Exchange?
Yes [X] No [ ]
If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine and Makati Stock Exchange Common shares

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11of the RSA and SRA Rule 11(1a)-1 thereunder and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period the registrant was required to file such reports)
Yes [X] No [ ]

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

Yes [ ] No [X]

FIL-ESTATE CORPORATION
BALANCE SHEETS
AS OF JUNE 2013
(With Comparative Figures as of Calendar Year Ended December 31, 2012)

A S S E T S

		June 2013		December 2012
Current Asset				
Cash on hand and in banks	P	110,481	P	163,367
Noncurrent Assets				
Available-for-sale financial assets		1,773,585,532		1,774,428,491
	P	1,773,696,013	P	1,774,591,858

LIABILITIES AND CAPITAL DEFICIENCY

		June 2013		December 2012
Current Liabilities				
Accrued expenses and other current liabailities	P	357,800,194	P	357,436,756
Noncurrent Liabilities				
Due to a stockholder		1,850,951,492		1,849,603,777
Due to other related parties		333,468,624		333,468,624
Total Noncurrent Liabilities		2,184,420,116		2,183,072,401
TOTAL LIABILITIES	P	**2,542,220,310**	P	**2,540,509,157**
Capital Deficiency				
Capital Stock	P	998,403,181	P	998,403,181
Additional paid-in capital		589,120,803		589,120,804
Cumulative changes in fair value of available-for-sale financial assets		7,322,711		8,165,669
Deficit		(2,363,370,992)		(2,361,606,953)
Net Capital Deficiency		(768,524,297)		(765,917,299)
	P	1,773,696,013	P	1,774,591,858

FIL-ESTATE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED JUNE 30, 2013
(With Comparative Figures for Months Ended June 30, April to May CY2012 & 2013)

	January to June		April to June	
	2013	2012	2013	2012
NET LOSS FOR THE PERIOD	P (1,764,039)	(1,977,353)	P (1,099,523)	(730,142)
OTHER COMPREHENSIVE INCOME				
Market-To-Market Gain (Loss) on Available-For-Sale Financial Assets	0.00	0.00	0.00	0.00
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	P (1,764,039)	(1,977,353)	P (1,099,523)	(730,142)

FIL-ESTATE CORPORATION
STATEMENTS OF INCOME & DEFICIT
FOR THE QUARTER ENDED JUNE 30, 2013
(With Comparative Figures for Months Ended June 30, April to June CY2012 & 2013)

		January to June			April to June		
		2013		2012	2013		2012
EXPENSES							
General & Administrative expense	P	**(1,763,581)**	P	(1,977,549)	**(1,098,962)**	P	(730,275)
Realized Forex Gain/Loss		**(637)**			**(637)**		
Interest Income		**178**		196	**76**		133
NET LOSS	P	**(1,764,039)**	P	(1,977,353)	**(1,099,523)**	P	(730,142)
DEFICIT AT BEGINNING OF THE QUARTER		**(2,361,606,953)**		(2,351,851,119)	**(2,362,271,470)**		(2,353,098,330)
DEFICIT AT END OF THE MONTH	P	**(2,363,370,992)**	p	(2,353,828,472)	(2,363,370,993)	P	(2,353,828,472)

**Note: LOSS PER SHARE
The computation of loss per share is as follows

	Six Months ended June 30		April to June	
	2013	2012	2013	2012
(a) Net Income/loss	**(1,764,039)**	(1,977,353)	**(1,099,523)**	(730,142)
(b) Weighted average number of shares outstanding	**998,403,181**	998,403,181	**998,403,181**	998,403,181
	(0.00177)	(0.00198)	**(0.00110)**	(0.00073)

FIL-ESTATE CORPORATION
STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY

	For the six months ended June 30	
	2013	2012
CAPITAL STOCK P 1 par value	998,403,181	998,403,181
ADDITIONAL PAID IN CAPITAL	589,120,804	589,120,804
CUMULATIVE CHANGES IN FAIR VALUE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Balance at beginning of the year	8,165,669	7,975,056
Other Comprehensive Loss	(842,959)	190,613
Balance at end of the year	7,322,711	8,165,669
DEFICIT		
Balance beginning of the Quarter	(2,363,370,992)	(2,353,828,472)
Balance at end of year	(2,356,048,281)	(2,345,662,803)
	(768,524,296)	(758,138,818)

FIL-ESTATE CORPORATION
STATEMENT OF CASH FLOWS

		Six Months Ended June 30		
		2013		2012
CASH FLOW FROM OPERATING ACTIVITIES				
Net Loss	P	(1,764,039)	P	(1,977,353)
Net cash provided by operating activities	P	(1,764,039)	P	(1,977,353)
CASH FLOW FROM FINANCING ACTIVITIES				
Increase(Decrease) in Due to stockholder		1,347,715		2,347,538
Increase(Decrease) in Accrued Expenses & Other Liabilities		363,438		(408,050)
Net cash from financing activities	P	1,711,153	P	1,939,488
Net Increase/Decrease in Cash	P	(52,886)	P	(37,865)
Beginning of period		163,367		141,646
End of Period	P	110,481	P	103,781

FIL-ESTATE CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation

The financial statements have been prepared on a historical cost basis, except for the quoted equity securities included under available-for-sale (AFS) financial assets, which are carried at fair value. The financial statements are presented in Philippine peso, which is the Company's functional and presentation currency. All values are rounded off to nearest Peso Unit, except when otherwise indicated.

Statement of Compliance

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amended Philippine Accounting Standards (PAS), PFRSs and Philippine Interpretations of Internal Financial Reporting Interpretation Committee (IFRIC) which were adopted as at January 1, 2012.

- PAS 12 (Amendments), "Income Taxes – Deferred Tax: Recovery of Underlying Assets" —The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in PAS 40, "Investment Property" should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16, "Property, Plant and Equipment" always be measured on a sale basis of the asset. The application of this amendment will not have a significant impact on the financial position or performance of the Company.

- PFRS 7 (Amendments), "Financial Instruments: Disclosures – Transfers of Financial Assets" —The amendments require additional disclosures about financial assets that have been transferred but not derecognized to enhance the understanding of the relationship between those assets that have not been derecognized and their associated liabilities. In addition, the amendments require disclosures about continuing involvement in derecognized assets to enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets. The application of these amendments has no impact on the financial position or performance of the Company.

Annual Improvements to PFRSs (2009-2011 cycle)

The Annual Improvements to PFRSs (2009-2011 cycle) contain non-urgent but necessary amendments to PFRSs. The amendments are effective for annual periods beginning on or after January 1, 2013 and are applied retrospectively. Earlier application is permitted.

- PAS 1, "Presentation of Financial Statements – Clarification of the requirements for comparative information" — The amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or

reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendments affect disclosures only and have no impact on the Company's financial position or performance.

- PAS 16, "Property, Plant and Equipment – Classification of servicing equipment" — The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise. The application of this amendment has no impact on the financial position or performance of the Company.

- PAS 32, "Financial Instruments: Presentation – Tax effect of distribution to holders of equity instruments" — The amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, "Income Taxes". The application of this amendment has no impact on the financial position or performance of the Company.

- PAS 34, "Interim Financial Reporting – Interim financial reporting and segment information for total assets and liabilities" — The amendment clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entity's previous annual financial statements for that reportable segment. The amendment affects disclosures only and has no impact on the Company's financial position or performance.

- PFRS 1, "First-time Adoption of PFRS – Borrowing Costs" — The amendment clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, "Borrowing Costs." The amendment does not apply to the Company as it is not a first-time adopter of PFRS.

Standards Issued but not yet Effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

- PAS 1 (Amendments), "Financial Statement Presentation – Presentation of Items of Other Comprehensive Income" — The amendments to the standard is effective for annual periods beginning on or after July 1, 2012, with retrospective application. It changes the grouping of items presented in other comprehensive income. Items that can be reclassified ('recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be reclassified. The amendments affect presentation only and have no impact on the Company's financial position or performance.

- PAS 19 (Revised), "Employee Benefits" — The amendments to the standard is effective for annual periods beginning on or after January 1, 2013, with retrospective application. Amendments range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The revised standard also requires new disclosures such as, among others, a sensitivity analysis for each significant actuarial assumption, information on asset-liability matching strategies, duration of the defined benefit obligation, and disaggregation of plan assets by nature and risk. The application of these amendments has no impact on the financial position or performance of the Company.

- PAS 27 (as revised in 2011), "Separate Financial Statements" — The amendment to the standard is effective for annual periods beginning on or after January 1, 2013. As a consequence of the issuance of the new PFRS 10, "Consolidated Financial Statements" and PFRS 12, "Disclosure of Interests in Other Entities," what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements. The application of this amendment will not have a significant impact on the financial position or financial performance of the Company.

- PAS 28 (as revised in 2011), "Investments in Associates and Joint Ventures" — The amendment becomes effective for annual periods beginning on or after January 1, 2013. As a consequence of the issuance of the new PFRS 11, "Joint Arrangements" and PFRS 12, "Disclosure of Interests in Other Entities," PAS 28 has been renamed PAS 28, "Investments in Associates and Joint Ventures" and describes the application of the equity method to investments in joint ventures in addition to associates. The application of this standard will have no impact on the Company's financial position and performance.

- PFRS 7, "Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities" — The amendments to the standard are to be retrospectively applied for annual periods beginning on or after January 1, 2013. These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or "similar agreement," irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

  a) The gross amounts of those recognized financial assets and recognized financial liabilities;
  b) The amounts that are set-off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
  c) The net amounts presented in the statement of financial position;
  d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
     i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
     ii. Amounts related to financial collateral (including cash collateral); and
  e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

  The amendments affect disclosures only and have no impact on the Company's financial position or performance.

- PFRS 10, "Consolidated Financial Statements" — This standard becomes effective for annual periods beginning on or after January 1, 2013. The standard replaces the portion of PAS 27, "Consolidated and Separate Financial Statements" that addresses the accounting for consolidated financial statements. It also includes the issues raised in Standing Interpretations Committee (SIC) 12, "Consolidation – Special Purpose Entities". PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. The application of this standard will have no impact on the Company's financial position and performance.

- PFRS 11, "Joint Arrangements" — This standard becomes effective for annual periods beginning on or after January 1, 2013. The standard replaces PAS 31, "Interests in Joint Ventures" and SIC 13, "Jointly Controlled Entities – Non-Monetary Contributions by Ventures." It removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The application of this standard will have no impact on the Company's financial position or performance.

- PFRS 12, "Disclosure of Interests in Other Entities" — This standard becomes effective for annual periods beginning on or after January 1, 2013. The standard includes all of the disclosures related to consolidated financial statements that were previously in PAS 27, as well as all the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The application of this standard will have no impact on the Company's financial position or performance.

- PFRS 13, "Fair Value Measurement" — This standard becomes effective for annual periods beginning on or after January 1, 2013. The standard establishes a single source of guidance under PFRS for all fair value measurements. The standard does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. This standard should be applied prospectively as of the beginning of the annual period in which it is initially applied. Its disclosure requirements need not be applied in comparative information provided for periods before initial application of PFRS 13. The Company does not anticipate that the adoption of this standard will have a significant impact on its financial position and performance.

- IFRIC 20, "Stripping Costs in the Production Phase of a Surface Mine – This interpretation becomes effective for annual periods beginning on or January 1, 2013. It applies to waste removal costs ('stripping costs') that are incurred in surface mining activity during the production phase of the mine ('production stripping costs'). If the benefit from the stripping activity will be realized in the current period, an entity is required to account for the stripping activity costs as part of the cost inventory. When the benefit is the improved access to ore, the entity should recognize these costs as a non-current asset, only if certain criteria are met ('stripping activity asset'). The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset. After initial recognition, the stripping activity asset is carried at its cost or revalued amount less depreciation and less impairment losses, in the same way as the existing asset of which it is part. The application of this standard will have no impact on the Company's financial position or performance.

- PAS 32, "Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities" — The amendments to the standard are to be retrospectively applied for annual periods beginning on or after January 1, 2014. These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Company's financial position or performance.

- PFRS 9, "Financial Instruments: Classification and Measurement" — The standard is effective for annual periods beginning on or after January 1, 2015. The standard, as issued, reflects the first phase on the replacement of PAS 39, "Financial Instruments: Recognition and Measurement" and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss (FVPL). All equity financial assets are measured at fair value either through other comprehensive income or profit or loss. Equity financial assets held for trading must be measured at FVPL. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

- Philippine Interpretation IFRIC 15, "Agreements for the Construction of Real Estate" — This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the Financial Reporting Standards Council have deferred the affectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial position or performance of the Company.

Financial Assets and Financial Liabilities

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.

Initial Recognition. Financial assets and financial liabilities are recognized initially at fair value. Directly attributable transaction costs are included in the initial measurement of all financial assets and financial liabilities, except for financial assets and financial liabilities measured at FVPL. The subsequent measurement of financial assets depends on their classification.

Determination of Fair Value and Fair Value Hierarchy. The fair value for financial assets and financial liabilities traded in active markets at reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for directly attributable transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For financial assets and financial liabilities where there is no active market, except for investment in unquoted equity securities, fair value is determined by using appropriate valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and options pricing models. In the absence of a reliable basis for determining fair value, investments in unquoted equity securities are carried cost, net of any allowance for impairment.

The Company uses the following hierarchy for determining and disclosing the fair value of financial assets and financial liabilities by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data.

Fair value measurement disclosures are presented in Note 12.

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

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

Financial Assets

Financial assets within the scope of PAS 39 are classified as financial assets at FVPL, loans and receivables, held-to-maturity investments (HTM), AFS financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each reporting date.

The Company has no financial assets designated as at FVPL, HTM investments and derivatives designated as hedging instruments as at June 30, 2013 and December 31, 2012.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets nor financial assets at FVPL. After initial measurement, loans and receivables are subsequently measured at amortized cost less any allowance on impairment. Amortization is determined using the EIR method. Amortized cost is calculated taking into account any discount or premium on acquisition and include fees that are integral part of the EIR and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired as well as through the amortization process. Loans and receivables are included in current assets if maturity is within twelve months from the reporting date. Otherwise, these are classified as noncurrent assets.

Classified under this category are the Company's cash in banks as at June 30, 2013 and December 31, 2012.

AFS Financial Assets. AFS financial assets are non-derivative financial assets that are designated as such or do not qualify to be classified in any of the other preceding categories. AFS financial assets include equity and debt securities. Equity investments classified as AFS are those, either designated in this category or not classified in any of the other categories. After initial measurement, AFS financial assets are measured at fair value with unrealized gain or losses recognized as separate component of other comprehensive income in the cumulative change in fair value of AFS financial assets until the investment is derecognized, at which time the cumulative loss is recognized in other operating income, or determine to be impaired, at which time the cumulative loss is recognized in profit or loss in finance costs and removed from the cumulative change in fair value of AFS financial assets.

The Company evaluated its AFS financial assets whether the ability and intention to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intent significantly changes to do so in the foreseeable future, the Company may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and has the intent and ability to hold these assets for the foreseeable future or maturity. The reclassification to HTM is permitted only when the entity has the ability and intent to hold until the financial asset accordingly.

For a financial asset reclassified out of the AFS category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR method. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR method. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

As at June 30, 2013 and December 31, 2012, AFS financial assets consist of the Company's investments in quoted equity securities currently traded in the PSE and unquoted equity securities like investments in shares of stock of MRTHI and MRTH II.

Financial Liabilities

Financial liabilities within the scope of PAS 39 are classified as financial liabilities at FVPL, other financial liabilities or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification at initial recognition and re-evaluates this designation at every reporting date.

The Company has not designated any financial liabilities at FVPL and derivatives designated as hedging instruments at June 30, 2013 and December 31, 2012.

Other financial liabilities pertain to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability.

This category includes accrued expenses and other current liabilities (excluding statutory payables and deposits received in consideration from the Cooperation Agreement) and due to a stockholder (excluding settlement in equity shares) as at June 30, 2013 and December 31, 2012.

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

Impairment of Financial Assets

The Company assesses at each financial reporting date whether a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

Financial Assets Carried at Cost. If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS Financial Assets. In the case of equity investments classified as AFS financial assets, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss –

(measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss) is removed from equity and recognized profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized as other comprehensive income.

Derecognition of Financial Assets and Financial Liabilities

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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 Company could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or 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, and the difference in the respective carrying amounts is recognized in profit or loss.

Investment in an Associate

The Company carries its investment in Monumento Rail, where the Company has the ability to exercise significant influence since the date of acquisition, under the equity method of accounting. Under the equity method, the investment is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share in net assets of the associate, less any impairment in value. The statement of comprehensive income reflects the Company's share of the financial performance of the associate. Where there has been a change recognized directly in equity of the associate, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in capital deficiency.

The share of profit of associates is shown in the statement of comprehensive income. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interest in the subsidiaries of the associate.

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any differences between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal are recognized in profit or loss.

Impairment of Investment in an Associate

In assessing impairment of investment in an associate, the Company determines, after application of the equity method, whether it is necessary to recognize an additional impairment loss. The Company determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Company calculates the amount of impairment as being the difference between the fair value of the associate and the acquisition cost and recognizes the amount in profit or loss. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment loss 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 had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and 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 discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Equity

Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. Proceeds and/or fair value of consideration received in excess of par value are recognized as additional paid-in capital. Subscriptions receivable becomes due and demandable upon approval of the capital call by the Company's BOD.

Deficit represents the accumulated losses incurred by the Company.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is recognized as the interest accrues, taking into account the effective interest on the asset using the EIR method.

Cost and Expenses

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to stockholders. Costs and expenses are recognized in the statement of comprehensive income in the year these are incurred.

Borrowing Costs

Borrowing costs are generally expenses as incurred.

Foreign Currency-denominated Transactions and Translations

Transactions denominated in foreign currency are recorded in Philippine peso by applying to the foreign currency amount the exchange rate between the Philippine peso and the foreign

currency at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate at the reporting date. All differences are recognized in profit or loss in the statement of comprehensive income.

Income Taxes

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

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all temporary differences and net operating loss carryover (NOLCO) to the extent that it is probable that taxable income will be available against which the deductible temporary differences NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply 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 substantially enacted at the reporting date.

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

Loss Per Share

Loss per share is computed by dividing the net loss for the year by the weighted average number of shares outstanding during the year, with retroactive adjustments for stock dividends declared, if any.

Business Segments

The Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products.

Segment Assets and Liabilities. Segment assets include all operating assets used by a segment and consist principally of operating cash. Segment liabilities include all operating liabilities and consist principally of accrued expenses and other current liabilities. Segment assets and liabilities do not include AFS financial assets and borrowings, respectively.

Inter-segment Transactions. Segment revenue, segment expenses and segment performance include transfers among business segments. The transfers, if any, are accounted for at competitive market prices charged to unaffiliated customers for similar products.

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

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

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2. Significant Accounting Judgment and Estimate

The Company's financial statements prepared under PFRS require management to make judgment and estimates that effect amounts reported in the financial statements and related notes. Future events may occur which will cause the judgment and assumptions used in arriving at the estimates to change. The effects of any change in judgment and estimates are reflected in the financial statements as they become reasonably determinable.

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

Judgment
In the process of applying the 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 financial statements:

Determination of Functional Currency. Based on the economic substance of the underlying circumstances relevant to the company, the functional currency of the Company has been determined to be the Philippine Peso. The functional currency is the currency of the primary economic environment in which the Company operates.

Determination of Fair Value of Financial Assets and Liabilities. Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility.

The fair value of financial assets amounted to ₱1,773.5 million and ₱1,774.4 million as at June 30, 2013 and December 31, 2012, respectively. The fair value of financial liabilities amounted to ₱95.0 million and ₱93.3 million as at June 30, 2013 and December 31, 2012, respectively.

Determination of Fair Value of Financial Assets not Quoted in an Active Market. The Company determines whether a reliable measure of fair value is available for equity investment not quoted in an active market. I a reliable measure is not available or ceases to be available, the unquoted equity investments are measured at cost.

The fair values of the Company's investments in MRTHI and MRTH II cannot be reasonably determined as the shares are unquoted nor were there any expected future cash flows in view of the sale of future distributions as discussed in Note 4 and that the investments, pursuant to the "Letter of Agreement" as also discussed in Note 4, will be used to settle the Company's liability to FEMI. The carrying amount of unquoted investments amounted to ₱1,763.7 million as at June 30, 2013 and December 31, 2012.

Determination of Impairment of AFS Financial Assets. The Company treats AFS financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. The Company treats "significant decline" when the difference between its cost and fair value is 20.0% or more and "prolonged decline" when the fair value of quoted equity securities is lower than its cost for more than 12 months. In making this judgment, the Company evaluates, among other factors, the normal volatility in share price for quoted equities.

In the case of unquoted shares, AFS financial assets are considered impaired when management believes that future cash flows generated from the investment is expected to decline significantly. The Company's management makes significant estimates and assumptions on the future cash flows expected and the appropriate discount rate to determine if impairment exists. Impairment may also be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

There were no impairment in quoted equity securities in June 2013 and December 2012. The carrying amount of quoted equity securities amounted to ₱9.2 million and ₱10.7 million as at June 30, 2013 and December 31, 2012.

There were no impairment for unquoted equity securities in 2012, 2011 and 2010. Management believes that the carrying amount of the unquoted equity securities, after the application of the proceeds from the sale of the share of the future share distributions, can be realized in the future through: a) the Company's share in any additional variable equity rental payments (ERP) received by MRTC from DOTC in the form of a ridership bonus or sharing scheme which were not included in the future share distributions sold; b) the Company's share in the benefits arising from the residual rights in the expansion project; and c) the Company's put option to use the shares of stocks of MRTHI and MRTH II to pay-off its net advances from FEMI pursuant to the "Letter of Agreement". The carrying value of unquoted equity securities amounted to ₱ 1,763.7 million as at June 30, 2013 and December 31, 2012.

<u>Estimate</u>

The key assumption concerning future and other key source of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below:

Recognition of Deferred Tax Assets. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that sufficient taxable income will be generated to allow all or part of the deferred tax assets to be utilized.

Unrecognized deferred tax assets as at December 31, 2012 amounted to ₱44.8 million.

3. Financial Risk Management Objectives and Policies

The Company's financial assets and liabilities are cash in banks, AFS financial assets, accrued expenses and other current liabilities and due to a stockholder. The BOD reviews and approves policies of managing each of the risks.

Liquidity Risk
Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet or settle its obligations and supporting the Company's operations and activities.

Other than accrued expenses and other current liabilities which are payable on demand, the remaining liabilities have no fixed repayment terms. The Company has the option to use its investment in MRTHI and MRTH II in payment for its outstanding advances to FEMI while the other due to related parties shall be applied against future dividends. In addition, FEMI committed not to demand payment of the amount due from the Company which therefore reduces the Company's exposure to liquidity risk.

The Company coordinates and negotiates closely with its principal stockholder to manage cash flow risks by jointly identifying new sources of cash flows through potential future investment and/or cash flow infusions in to the Company over the next five years.

Credit Risk
Credit risk arises from the possibility of the Company incurring a loss date to the failure of the debtors to meet their contractual debt obligations.

The Company's exposure to credit risk relates primarily to its deposits from banks with good credit rating. The maximum exposure to credit risk is equivalent to the carrying amount of these cash in banks and AFS financial assets.

The Company's financial assets consisting of cash and AFS financial assets with an aggregate fair values of ₱1,773.0 million and ₱1,774.6 million as at June 30, 2013 and December 31, 2012 respectively, are neither past due nor impaired.

The credit quality of these financial assets are considered high grade because of the following factors considered by management:

Cash. These are deposited with reputable banks that belonged to the top three banks in the Philippines and approved by management. The Company has not experienced any difficulty transacting through these banks.

AFS Financial Assets. Unquoted AFS financial assets are unrated while quoted AFS financial assets are assessed as high grade based on financial status of the counterparty and its current stock price performance in the market.

Equity Price Risk
The Company is exposed to fair value changes on its AFS financial assets in listed equity securities.

The Company's policy is to maintain the risk to an acceptable level. Movement in share price is monitored regularly to determine the impact on its financial position.

The following table demonstrates the sensitivity of the Company's equity to a reasonable change in market prices on December 31, 2012 and 2011, with all variables held constant:

Increase	Effect

	(decrease)	on Equity
2012		
	0.31	₱17,924
	(0.31)	(17,924)
2011	0.90	₱52,037
	(0.90)	(52,037)

*Average of percentage movement in market prices of listed AFS financial assets for a year.

Capital Management
The Company treats its payables to FEMI as part of the aggregate capital base. The primary objective of the Company's management is to maintain a substantial capital base sufficient to support its long-term investment and holding company mandate.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or business directions as approved by the Company's BOD. To maintain or adjust the capital structure, the issuance of new shares and the conversion of shareholder advances into capital stock.

The Company monitors capital using a targeted gearing ratio, which is net debt divided by total capital (inclusive of payables to FEMI as part of capital base) plus net debt. The Company's policy is to keep a gearing ratio of 60.0% or lower. The Company includes within net debt, accrued expenses and other current liabilities and due to other related parties, less cash.

The Company continuously conducts an internal review its capital and financial risk management objective and policies.

4. Other Information

There was no dividend yet declared by MRTC. With regards to debt and equity securities, there were no issuances and/or repurchases incurred in the second quarter ended, June 30, 2013.

Fil-Estate Corporation has not made any reorganization, entered into any merger or consolidation or any business combinations. Also, the Company was not involved in any acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing operations since the last reporting period of December 31, 2012.

Based on the last annual report submitted as of December 31, 2012 up to this quarter period reporting, no contingent liabilities or contingent assets have been declared.

PART 1 – FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Fil-Estate Corporation continues to be a stakeholder of the Metro Manila Rail Transit Project through its holding company Metro Rail Transit Holdings, Inc. and its subsidiary Monumento Rail Transit Corporation.

FEC also plans to continue its strategy in maintaining itself as a holding corporation with key investment in the form of equity interest in Metro Rail Transit Holdings (MRTH), Inc. and Metro

Rail Transit Holdings II (MRTH II). The combined investment in these two holding companies represents approximately 29% interest in the EDSA MRT Systems. The Phase 1 of the MRT Project (LRTS Phase 1) started full operation on July 15, 2000, which involved 13 stations covering the North Triangle to Taft Avenue. The operation for the next 12 months will be strictly confined to that of an investee Corporation.

The Company will continue, through its holdings in Monumento Rail to actively pursue its participation in the train system extensions (e.g. Makati Loop) and capacity extension through procurement of additional trains/vehicles.

Equity Infusion On March 19, 2007, the company accepted the proposal of FEMI to infuse its 30% equity ownership in Camp John Hay Development Corporation (CJHDEVCO) in exchange for up to 450 million shares of the Company at ₱1.00 par value, subject to the approval of the SEC.

On September 11, 2007, the Company signed a Deed of Assignment whereby the 30% equity ownership of FEMI in CJHDEVCO is transferred to the Company in exchange for 450.0 million shares at P1.00 par values subject to the approval of the Bases Conversion Development Authority (BCDA). The Deed of Assignment by FEMI of its equity interest in CJHDEVCO in favor of the Company was signed in 2007 in conjunction with CJHDEVCO's active discussions with certain property developers and business process outsourcing operators who intend to invest in the CJHDEVCO area. The expansion of the CJHDEVCO tourism and leisure complex in the northern resort destination of Baguio City will involve about 20 hectares of new development out of the total 247-hectare former rest and recreation facility of the United States Military. It is further expected that the profitability of CJHDEVCO will also be boosted by such investments and which, in turn, will positively affect the financial performance of the Company.

On July 1, 2008, the BCD gave its consent on the transfer made by FEMI of its 30.0% equity interest in CJH in exchange for new shares of stocks of the Company.

On April 23, 2009, the Company and FEMI (the parties) executed an Amendment to the Deed of Assignment which (a) amends the number of shares to be transferred to 1.5 million shares still representing 30.0% equity interest in CJHDEVCO, and (b) extends date of closing of transaction to June 30, 2010 or any date agreed upon by the parties in writing, in order to allow the parties to fully comply with the conditions precedent to closing as set forth in the Deed of Assignment, particularly the consent from the SEC.

On January 9, 2012, CJHDEVCO rescinded the Restructured Memorandum of Agreement it entered into with BCDA on July 1, 2008, in view of the continuing inability of BCDA to make good its one-stop shop 30-day permit issuance guaranty. CJH subsequently filed a case against BCDA for arbitration with the Philippine Dispute Resolution Center, Inc.

On March 14, 2012, the House of Representatives passed a resolution creating a technical working group aimed to assisting CJHDEVCO and BCDA in amicably resolving the dispute.

On April 12, 2012, BOD approved the deferment of the assignment, transfer and conveyance in favor of the Company, of FEMI'S 30.0% equity in CJHDEVCO until the resolution of the dispute between CJHDEVCO and BCDA.

As at June 30, 2013, the implementation of the transfer of the 30.0% equity FEMI in CJHDEVCO is still pending as the dispute between CJHDEVCO and BCDA is still under arbitration and has not yet been resolved.

Conversion of liabilities to equity. On January 28, 2008, the BOD approved the conversion of a portion of the liabilities to FEMI amounting to about P400.0 million into equity shares of the Company at a par value of P1.00 per share. In view of the increase in the balance of liabilities

to FEMI, the amount to be converted to equity was increased to P600.0 million as approved by the BOD on April 18, 2011. The amount of liability for conversion was further increased to P800.0 million as subsequently approved by the BOD on April 12, 2012.

As at June 30, 2013, the Company has yet to seek approval from the SEC and submit to other statutory requirements in relation to the conversion of liabilities into equity accounts.

Infusion of certain properties. On April 12, 2012, the Company accepted the infusion by FEMI of certain properties of Mt. Zion Memorial, Inc. (MZMI) worth P500.0 million shares of the Company at P1.00 par values. MZMI is wholly-owned subsidiary of FEMI engaged in the development of Class A memorial parks. Organized in 1999, MZMI now has twelve (12) memorial parks nationwide with a total combined saleable memorial lots aggregating 50 hectares, with an estimated value of P2,500.0 million. A significant amount of annual income is expected to be generated from this infusion.

As at June 30, 2013, the Company has yet to seek approval from the SEC in relation to the said transaction.

Cooperation Agreement. On November 12, 2010, the Company, Fil-Estate Properties, Inc. (FEPI) and FEMI (collectively termed as the "Fil-Estate Companies") entered into a Cooperation Agreement with Metro Pacific Investment Corporation (MPIC) relating to the Fil-Estate Companies' rights and interests in the MRT Companies. Under the Cooperation Agreement, the Fil-Estate Companies shall appoint MPIC as its attorney-in-fact in connection with the exercise of the rights and interests of the Fil-Estate Companies in the MRT Co. The completion and consummation of the transaction contemplated by the parties is subject to certain conditions, which as at April 11, 2013, has not yet occurred. As such, MPIC and Fil-Estate Companies are now discussing possible scenarios on how to implement the transactions contemplated by the parties when they entered into the Cooperation Agreement.

Other Business Mandate. The Company continues to pursue its new business mandate of getting involved in property projects relating to resort/leisure and entertainment facilities. A more aggressive outlook in property development is also being adopted by the Company in view of an upsurge in the business process outsourcing sector and the increase in demand for retirement and leisure homes.

The Company's **key performance indicators (KPIs)** cannot be measured or discussed since result of operation is net loss and there is capital deficiency. The Company's operation is strictly confined as holding company. Current ratio for 2nd quarter of 2013 is and 2nd quarter of 2012 is 0.03%. You may refer to the attached table A for details.

The administrative, operation, finance and executive function of the Company are being handled by its parent company FEMI. FEC is not expecting to hire any employee within the next 12 months.

Cash decreased by about ₱52.8 Thousand, due to payment of various accruals and current year's operating expenses.

There are no material changes in the AFS Financial Asset which comprised 99.99% of the total assets in 2nd Quarter of June 2013 as compared with that of the 2nd Quarter of June 2012.

The Due to a Stockholder account increased by ₱1.3 Million and the fund was used to pay off the regular operating expenses of the Company.

Increase in Accrued Expenses account of about ₱363 Thousand represents adjustments of previous accruals.

Due to other related parties remain unchanged as of June 2013 as compared with the same period in June 2012.

The company's Interest Income represents interest earned on its bank accounts which decreased from ₱196 to ₱178.

Net Loss for 2nd quarter of 2013 of about ₱1.7 Million was brought about by the regular operating expenses of the company.

There are no material events, trends, commitments or uncertainties known to management that would address the past and would have an impact on the liquidity and on future operation of the company in general.

There are no any material commitments for capital expenditures, nor any events that will trigger direct or contingent financial obligation that is material to the company.

No material off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons created during this 2nd quarter period.

FINANCIAL RISK DISCLOSURE

The significant judgments made in classifying a particular financial instrument in the fair value hierarchy.

- *Fair value of financial instruments*

  Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, these are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. These judgments may include considerations of liquidity. Due to the short-term nature of transactions, the fair value of cash in banks, accrued expenses and other current liabilities and due to a stockholder approximate the carrying values as at reporting date. Quoted equity securities are recorded at fair value. Fair value of unquoted equity securities for which no reliable basis for fair value measurement is available are carried at cost, less any accumulated impairment loss.

  Fair Value Hierarchy

  The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
  Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
  Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
  Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.
  The quoted equity securities whose fair values are determined using quoted prices in active markets (Level 1) amounted to Php9.2 million and Php10.7 million as at June 30, 2013 and December 31, 2012, respectively.

  As at June 30, 2013 and December 31, 2012, the Company does not have any financial assets and financial liabilities carried at fair value that are classified under Level 2 and 3.

  In 2013 and 2012, there are no transfers among the fair value hierarchies.

A comparison of the fair values as of date of the recent interim financial report and as of date of the preceding interim period, and the amount of gain/loss recognized for each of the said periods.

- Please refer to Quoted Equity Securities under Note 4 Available-for-Sale Financial Assets of the 2012 FS

Quoted Equity Securities

The changes in market value of quoted equity securities that were presented as "Change in fair value of available-for-sale financial assets" in other comprehensive income amounted to ₱1.5 million loss in June 2013 and ₱0.19 million gain in December 2012.

Movement in AFS financial assets consists of:

	June 2013	Dec. 2012
Acquisition cost	₱2,565,582	₱2,565,582
Cumulative change in fair value of AFS financial assets:		
Balance at beginning of year	8,165,669	7,975,056
Changes in fair value during the year	(1,531,207)	190,613
Balance at end of year	6,634,462	8,165,669
	₱9,200,044	₱10,731,251

The criteria used to determine whether the market for a financial instrument is active or inactive, as defined under PAS 39 – Financial instruments.

Determination of Fair Value of Financial Assets not Quoted in an Active Market. The Company classifies financial asset valuating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arms' length basis.

The fair values of the company's investments in MRTHI and MRTH II cannot be reasonably determines as the shares are unquoted nor were there any expected future cash flows in view of the sale of future distributions as discussed in Note 4 and that the Investments, pursuant to the option agreement as also discussed in Note 4 and the investments, pursuant to the option agreement as also discussed in Note 4, will be used to settle the Company's liability to FEMI. The carrying amount of unquoted investments amounted to ₱1,763.7 million as at June 30, 2013 and December 31, 2012. Details of investment in MRTHI and MRTHII as follow.

Acquisition Cost	₱3,331,144,116
Less: Adjustment under PASS 39	1,567,446,876
	₱1,763,697,240

We have made an evaluation of the impact of the adoption of PFRS 9. We decided not to early adopt the standard for our audit 2011 annual reporting, ahead of its effectivity date of January 1, 2015. Therefore, the interim financial statement as at and for the period ended June 30, 2013 did not reflect the impact of the said standard.

Only financial assets and liabilities will be affected by the standard and based on this evaluation, loans and receivables (consisting of cash in banks) and financial liabilities (consisting of accrued expenses and other current liabilities and due to a stockholders), which

are carried at amortized cost will not be significantly affected. Upon adoption, these financial instruments shall continue to be carried at amortized cost, thus, will have no significant financial impact to the Company's financial position and performance. For our current AFS which are composed of equity investments, both quoted and unquoted, we plan to classify these as financial assets at fair value through other comprehensive income and will continue to measure these investments at fair value (for unquoted, the cost less impairment value), the movement in fair values still being presented in other comprehensive income, thus, will have no significant impact on the company's financial position and performance. We shall revisit this assessment in fiscal year 2013.

We shall conduct another impact evaluation in 2014 using the financial statements as at and for the year ended December 31, 2013. Given the amendments on PFRS 9, at present, we do not plan to early adopt in our 2013 financial reporting.

PART II – OTHER INFORMATION

There was no 17-C submitted during the 2nd Quarter ending June 30, 2013.

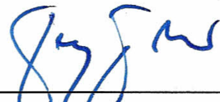
Table A

Financial Ratios	Formula	2nd quarter 2013	2nd quarter 2012
a) Current Ratio	Total Current Assets / Total Current Liabilities	0 .03%	0.03%
b) Solvency Ratio	Net Profit after Tax (or NPAT) + Depreciation and amortization / Total Liabilities		
c) Debt-to-Equity Ratio	Total Debt / Total Stockholders' Equity		
d) Asset to Equity Ratio	Total Assets / Total Stockholders' Equity		
e) Net Profit margin	NPAT / Net Revenues		
f) Return on asset	NPAT / Average Total Asset		
g) Return on Equity	NPAT / Average Total Stockholders' Equity		

SIGNATURES

Pursuant to the requirements of the Revised Securities Act, the registrants has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized

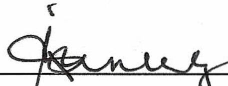
Registrant: Fil-Estate Corporation

Signature and Title 

Atty. Ferdinand T. Santos
President

Date : August 1, 2013

Principal Financial/Accounting Officer/Controller:

Signature and Title 

Ramon G. Jimenez
Vice President for Accounting