COVER SHEET

9142

S.E.C. Registration Number

METRO GLOBAL HOLDINGS

CORPORATION

(Company's Full Name)

MEZZANINE FLOOR RENAISSANCE

TOWER MERALCO AVENUE

PASIG CITY

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

RAMON G. JIMENEZ

Contact Person

(02) 633 - 6205

Company Telephone Number

12 31

Month Day

2014

calendar year

SEC FORM -17A

FORM TYPE

Month Day

Regitered/Listed

Secondary License Type, If Appplicable

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Domestic

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To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Industry Classification	
Company Type	Stock Corporation

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FIL-ESTATE CORPORATION

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SEC FORM 17-A

PART I - BUSINESS AND GENERAL INFORMATION
SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2014**

2. SEC Identification Number **9142**   3.BIR Tax Identification No. **041-000-194-408**

4. Exact name of registrant as specified initials charter **METRO GLOBAL HOLDINGS CORPORATION**

5. **Philippines**
   Province, Country or other jurisdiction of Incorporation or organization

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

6. **Mezzanine Floor Renaissance Tower Meralco Ave., Pasig City**
   Address of Principal Office

   1600
   Postal Code

8. **(632) 633-62-05**
   Issuer's Telephone Number, including area code

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

10. Securities registered pursuant to Section 8 n 12 of the SRC, or Sec 4 n 8 of the RSA

Title of Each Class	Number of Shares of common Stock Outstanding and Amount of Debt Outstanding
Common Stock - P1 par value	**2,000,000,000** (out of the total shares)

11. Are any or all these securities listed on the Philippine Stock Exchange.

    Yes [X]   No [ ]

12. Check whatever the registrant:

(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 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 that the registrant was required to file such report).

Yes [X]   No [ ]

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

Yes [ ]   No [ ]

13 State the aggregate market value of the voting stock held by non-affiliates of the registrant.

Not Applicable

Item 1. Business

Business Development

Metro Global Holdings Corporation (the Company), formerly Fil-Estate Corporation, was incorporated on September 17, 1954 originally as San Jose Oil, Incorporated. The original and primary purpose of the corporation was to prospect for and market oil, natural gas and other minerals and, secondarily, to invest in non-mining corporations or other enterprises. The Company listed in the Philippine Stock Exchange (PSE) on May 4, 1964.

In July 1996, the Board of Directors (BOD) and the stockholders of the Company approved (a) the change in the Company's primary purpose from oil exploration to that of a holding Company authorized to engage in property and infrastructure development and the relegation of its erstwhile primary purpose to one of the Company's secondary purposes, and (b) the increase in the Company's authorized capital stock from ₱300.0 million, divided into 30.0 billion shares with a par value of ₱0.01 per share, to ₱2 billion, divided into 2 billion shares with a par value of ₱1.00 per share and (c) the declassification of Class A and B common shares to a single class of common shares.

On January 22, 1998, The Securities and Exchange Commission ('SEC') approved the change in corporate name of San Jose Oil, Incorporated to Fil-Estate Corporation, accompanied by a shift in the primary purpose to that of a holding company engaged in property and infrastructure development, the declassification of Class A and B common shares to a single class of common shares, and the change in par value of its shares from P0.01 in 1997 to P1.00 in 1998.

On December 11, 2000, the SEC approved the Company's increase in authorized capital stock from 300.0 million shares to two (2) billion shares. Fil-Estate Management, Inc. (FEMI) subscribed to 700 million shares in exchange for the assignment of its interests in the Metro Rail Transit Holdings, Inc. (MRTHI) and Metro Rail Transit Corp., Limited (MRTCL).

On September 9, 2004, the SEC approved the extension of the Company's term of existence for another fifty (50) years.

The Company's key investment is in the form of equity interest in MRTHI and Metro Rail Transit Holdings II, Inc. (MRTHII). The combined investment in these holding companies represents approximately twenty nine percent (29%) interest in the Metro Rail Transit systems ('EDSA MRT systems'). The Phase I of the MRT project (LRTS Phase I) began full operations on July 15, 2000 and involved thirteen (13) stations from the North Triangle to Taft Avenue.

The Company has a 28.47% equity interest in Monumento Rail Transit Corporation (Monumento Rail) which as a result allows participation in the train system extension (e.g. the Makati Loop) and additional train/vehicle procurements in the event the Philippine government awards the project to MRTC.

Since 2007 the Company has voluntarily suspended the trading of its securities to allow the Company to re-align its business and explore new strategic directions.

Corporate Name Change

On March 18, 2014, the BOD approved the amendment of the articles of incorporation and by-laws of the Company, a major provision of which changed its corporate name to Metro Global Holdings Corporation. The amendment was in line with the Company's plan to re-align two other existing companies, namely; Metro Countrywide Corporation and Metro Countrywide Holdings, Inc. under the umbrella of Metro Global Holdings Corporation; in effect unifying the group with the common name "Metro". The Company is likewise a substantial shareholder of MRTHI and MRTHII.

On May 30, 2014, the SEC approved the amendment of the Articles of Incorporation and By-Laws of the Company, changing its name to Metro Global Holdings Corporation.

The Company has not been the subject of any bankruptcy, receivership or any other similar proceedings for the last three (3) years. There has likewise been no material reclassification, merger, consolidation, purchase or sale of a significant amount of assets not in the ordinary course of business for the same period.

Equity Infusion. On March 19, 2007, the Company accepted FEMI's proposal to infuse its 30% equity ownership in Camp John Hay Development Corporation (CJHDEVCO) in exchange for up to 450.0 million shares of the Company at ₱1.00 par value, subject to approval by the SEC.

On September 11, 2007, the Company signed a Deed of Assignment whereby the 30% equity ownership of FEMI in CJHDEVCO was transferred to the Company in exchange for 450.0 million shares at ₱1.00 par value 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 then active discussions with certain property developers and Business Process Outsourcing (BPO) operators who intended to invest in the CJHDEVCO area. The expansion of the CJHDEVCO tourism and leisure complex in the northern resort destination of Baguio City involved approximately 19 hectares of new development out of the total 247-hectare former rest-and-recreation facility of the United States military. It was further expected that the profitability of CJHDEVCO would be boosted by such investments and in turn, would positively affect the financial performance of the Company.

On July 1, 2008, the BCDA consented to the transfer made by FEMI of its 30.0% equity interest in CJH in exchange for new shares of stocks in the Company.

On April 23, 2009, the Company and FEMI (the parties) executed an Amendment to the Deed of Assignment which (a) amended the number of shares to be transferred to 1.5 million shares still representing 30.0% equity interest in CJHDEVCO, and (b) extended the date of closing of the transaction 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 as it related to the required consent of the SEC.

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

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

On April 12, 2012, the 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.

On February 11, 2015, the PDRCI handed down its decision on the arbitration case filed by CJHDEVCO against BCDA. The decision stated that the Original Lease Agreement (OLA), and the subsequent Memorandums of Agreement entered into by CJHDEVCO and BCDA, were rescinded due to mutual breach by the parties. The PDRCI, in its decision, (a) directed BCDA to return to CJHDEVCO the total amount of rent CJHDEVCO had paid amounting to P1,421,096,052; and (b) ordered CJHDEVCO to vacate the leased premises and promptly deliver the leased property to BCDA upon full payment by the BCDA to CJHDEVCO of the aforementioned rental amount. The decision also concluded that the CJHDEVCO was not liable for any unpaid back rent as had been claimed by BCDA.

On March 6, 2015, CJHDEVCO filed for a confirmation of judgment with the Regional Trial Court of Baguio City (Court). On March 27, 2015, the Court issued an order of confirmation of The Final Award.

In view of the PDRCI decision, the BOD approved to cancel the implementation of the transfer by FEMI of its 30.0% equity in CJHDEVCO in exchange for equity shares in the Company. The cancellation was also in line with the Company's plan to focus on its core business of infrastructure development.

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 ₱400.0 million into equity shares of the Company at a par value of ₱1.00 per share. In view of the increase in the balance of liabilities to FEMI, the amount to be converted into equity was increased to ₱600.0 million as approved by the BOD on April 18, 2011. The liability amount for conversion was further increased to ₱800.0 million and subsequently approved by the BOD on April 12, 2012.

On December 16, 2013, the SEC approved the conversion of a portion of the liabilities of the Company to FEMI amounting to ₱800.0 million into equity shares in the Company, equivalent to 800.0 million shares with a par value of ₱1.00 per share.

On May 6, 2014, the BOD approved the request of FEMI to increase its shareholdings and further reduce its receivables from the Company through the conversion into equity of a portion of its receivables amounting to ₱200.15 million, equivalent to 200,150,000 shares at ₱1.00 per share par value.

On September 4, 2014, the SEC approved the conversion of a portion of the Company's liabilities to FEMI amounting to P200.15 million, into equity shares equivalent to 200,150,000 shares at P1.00 par value.

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 ₱500.0 million in shares of the Company at ₱1.00 par value. MZMI is wholly-owned subsidiary of FEMI engaged in the development of Class A memorial parks. Organized in 1999, MZMI has twelve (12) memorial parks nationwide with a total combined saleable memorial lots aggregating to 50 hectares, with an estimated concurrent value of ₱2,500.0 million. A significant amount of annual income was expected to be generated from this infusion.

Consistent with the new business directions of the Company, the BOD approved to cancel the implementation of the proposed plan of FEMI to assign of properties of Mt. Zion Memorial Inc. (MZMI), worth P500 million in exchange for 500,000,000 shares of the Company at P1.00 per share.

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. The cooperation has the following objectives: (i) explore solutions that will enable the expansion of the MRT 3 system through financially and legally viable means, and (ii) to transfer the interests of the Fil-Estate Companies in the MRT Companies, subject to obtaining the necessary consents from the relevant parties. Under the Cooperation Agreement, the Fil-Estate Companies appointed MPIC as its attorney-in-fact in connection with the exercise of the rights and interests of the Fil-Estate Companies in the MRT Companies. The completion and consummation of the transaction contemplated by the parties were subject to certain consents and conditions, which did not take place as of December 31, 2014.

A total of P350M has been received fom MPIC under this Cooperation Agreement. (See Note 10.1)

New Strategic Partners. The Company was in serious discussions with possible foreign strategic partners to focus on the Company's infrastructure business.

Redemption of Redeemable Preferred Shares in Monumento Rail. On August 22, 2006, the Board of Directors of Monumento Rail Transit Corporation (Monumento Rail) approved the redemption of the redeemable preferred shares it issued to its shareholders giving the latter a redemption privilege by assigning the former's right to receive Depot Royalty Rights pro-rata to the percentage of shareholdings held by each shareholder. On December 17, 2014, Monumento Rail and its shareholders executed the Redemption and Deeds of Assignment of the redeemable preferred shares.

The cost of the Company's 18,029,417 redeemable preferred shares amounts to P901,471 based on par value P.05 per share which is the price per share at time of redemption. In accordance with the Articles of Incorporation of the issuer, the holder of the redeemable preferred shares is given the privilege of a right to receive Depot Royalty pro-rata to the percentage of shareholdings of redeemable shares held by each shareholder of record thereof as of August 22, 2006.

Settlement Agreement. On December 17, 2014, the Company, together with all the shareholders of Monumento Rail Transit Corp., entered into a Settlement Agreement with Metro Rail Transit Development Corporation (MRTDEVCO) and companies who are parties to a Vested Rights Agreement dated May 22,1995, whereby MRTDEVCO agreed to assign to parties of the Vested Rights Agreement the development rights to specific developable areas of the 16 hectares Depot in North Triangle corner EDSA, North Avenue and Mindanao Avenue. The assignment of development rights, however, are conditioned on the assumption of the assignees of the obligation to pay the Depot Income to shareholders of Monumento Rail Transit Corp. (Monumento Rail) arising from the developments in the Depot in accordance with the Deed of Assignment of Development Rights of June 16, 1995 between Metro Rail Transit Corp. Ltd. (MRTCL) and MRTDEVCO, the Assignment and Assumption Agreement of December 18, 2000 between MRTCL and the Company, and Deed of assignment between by MRTDEVCO to NTDCC on February 21, 2002.

Proposal to Department of Transportation and Communications (DOTC). On December 19, 2014, the Company presented to the Department of Transportation and Communication (DOTC) its proposal for a Fast Tract Rehabilitation of the MRT-3 system as a substantial shareholder of Metro Rail Transit Holdings II, owner of Metro Rail Transit Corporation (MRTC) which in turn owns the MRT-3 System. The proposal, included among others, the total rehabilitation of the MRT-3 rail system and of the existing 73 rail cars, and the acquisition of new rail cars, at no cost to the government.

The Company intends to undertake the Fast Track Rehabilitation and Capacity Expansion proposals together with its new foreign strategic partners as well as local partners.

Business of Issuer

The Company's business activities arise from its investments in the equity of the entities mentioned in the preceding. Hence, the Company has no principal products or services, nor does it derive revenues or sales from any products or services. No part of the Company's revenues or income over the last three years has been derived from any foreign sales. Corollary, the Company has no requirement for any distribution methods that would otherwise be needed for any products or services. Since the Company's inception it has had no publicly-announced new product or services.

There is no competition with respect to other train services. Instead the MRT project complements other train systems and various public transportation modes available in Metro Manila such as buses, taxis and FXs. Passengers along EDSA have a choice between riding the MRT system and using the described alternatives.

Not being engaged in the manufacturing of any product, the Company does not require any raw materials, energy or other items from suppliers for conducting its business.

The MRT system is dependent on public ridership and not on a single or a few customer. Current ridership is approximately 450,000 people per day. The Government, through the Department of Transportation (DOTR) is responsible for the collection of fares and for the day-to-day operations of the system. The owner of the system, MRTC, on the other hand is assured of a scheduled rental payment over the life of the Build Lease Transfer (BLT) agreement with DOTC.

The Company is 87.885% owned by FEMI. The company is not dependent on any transaction with and/or related parties.

The Company business does not require any patents, trademarks, copyrights, licenses, franchises, concessions or royalty agreements. Instead the Company has substantial investment in corporations (e.g. the MRTC) that have concession agreements with the government, specifically agreements with the DOTC under the Build Operate and Transfer Law ('BOT Law'). Under the BLT Agreement with DOTC, the MRTC designed, financed, built, completed and leased a light rail transit system (LRTS) operating from North Avenue to Taft Avenue, connecting approximately 16.8 kilometers with 13 stations. The MRTC completed the said LRTS in June 2000. As provided under the BLT Agreement, upon completion of the LRTS, the DOTC operates the same and pays MRTC guaranteed rental fees for a period of twenty five (25) years from date of completion (until 2025). The rental fees are used to pay debt to foreign funders, equity rental payments to stockholders of MRTC to guarantee a fifteen percent (15%) net economic return.

The investment of the Company in the EDSA MRT system does not require further approvals from the Philippine Government. The MRT system in EDSA has fully complied and continues to comply with the governmental requirements directly related to the project.

The Company does not expect or anticipate that new government approvals will be required for the underlying project within the foreseeable future.

Effects of existing or probable regulations on the business

The business of the Company is to hold its investments in the securities of other corporations. Hence, its income is derived from dividends from other corporations.

Existing government regulations do not impose any tax on dividends received by a domestic corporation from other domestic corporations. Any law or policy changes to the existing regulations on dividends may have an effect on the income of the Company. However, to date, the Company is not aware of any pending legislation that may affect the Company's source of income.

Research and development activities

The Company has not been involved in any significant research and development activities over the last three fiscal years.

Costs and effects of compliance with environmental laws

The Company does not engage in business operations that are subject to regulations which require compliance with environmental laws.

Employees

The Company has no existing employees and it does not anticipate having any within twelve (12) months. As a result there are no existing Collective Bargaining Agreements, with employees. Administrative, Operational, Financial and Executive functions are being handled by its parent company, FEMI.

Risks

The Company's principal financial exposures consist of its payables to associates and stockholders. Such financial instruments were used in prior years to raise funds for working capital and to retire interest-bearing US Dollar denominated bank loans. The Company, as a matter of policy, discourages the use of any foreign currency denominated obligations to avoid foreign currency risks and exchange losses. On the other hand, the Company encourages the creation of US dollar denominated assets to take advantage of potential gains arising from foreign exchange movements. On balance, the Company maintains a margin currency position in its asset and liability management function.

The residual financial risks from the Company's financial instruments are cash flow/liquidity risks, credit risks and equity price risks.

Cash flow/liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet or settle its obligations and to support the Company's operations and activities.

The Company coordinates and negotiates closely with each principal stockholder to manage cash flow risks by jointly identifying new sources of cash flow infusions into the Company over the next five years.

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

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

The Company is exposed to fair value changes of its Available-For-Sale (AFS) investments in listed equity securities.

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

The Company continuously conducts an internal review of its financial risks management objectives and policies.

Item 2. **Properties**

As of December 31, 2014, the Company had no other properties other than its investment in the MRT companies. The Company is the recorded and beneficial owner of the shares of stock representing its investments in the said corporation.

The Company holds 4,278,511 shares or 18.6% interest in MRTHI and 24,034,840 shares or 12.6% interest in MRTHII. MRTHI has 84.9% interest in MRTHII which wholly owns MRTC. MRTHI, MRTHII, MRTC, and Monumento Rail are collectively referred to as the MRT companies. The earnings of the MRT companies are derived from lease financing income relating to equity rentals received from the DOTC as defined in the BLT Agreement.

Notwithstanding the sale of future share distributions as discussed in Note 7 of the Financial Statements, the Company continues to hold on to the legal rights over the shares of stock in MRTHI and MRTH II.

On August 18, 2005, the Company and FEMI entered into a "Letter of Agreement," whereby FEMI agreed to grant and did grant the Company the sole option to assign to FEMI its equity interests in MRTHI and MRTH II as settlement of the outstanding amount of the Company's liabilities to FEMI and any additional advances or interest which FEMI may charge to the Company in relation to the said advances at settlement date. Liabilities to FEMI as at December 31, 2005 amounted to ₱1,741.3 million. Under the "Letter of Agreement", should the Company opt to sell the said investments to third party or parties in the future, FEMI would have the right of first refusal to purchase the said investments at their prevailing market value.

On November 12, 2010, Fil-Estate Companies entered into a Cooperation Agreement with MPIC relating to the Fil-Estate Companies' rights and interests in the MRT Companies. Under the Cooperation Agreement, the Fil-Estate Companies appointed MPIC as its attorney-in-fact in connection with the exercise of the rights and interests of the Fil-Estate Companies in the MRT Companies. The completion and consummation of the transaction contemplated by the parties was subject to certain consents and conditions, which as of 31 December 2014 had not yet occurred.

On April 4, 2014, MRTC declared cash dividends equivalent to and to be offset against accumulated advances to shareholders representing ERP remittances to shareholders as at December 31, 2013. As of December 31, 2014, MRTHI and MRTHII had yet to declare dividends.

The Company does not hold property subject of any lease arrangement, nor does the Company expect to purchase or sell any equipment within the ensuing twelve (12) months.

Item 3. Legal Proceedings

There are no material legal proceedings to which the Company or its direct affiliates are a party or of which any of their property is subject. The Company has no knowledge or information as to any such legal proceedings contemplated by government authorities or any other entity.

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

There were no matters submitted to a vote of security holders during the fourth quarter of the calendar year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrants Common Equity and Related Stockholders Matters

(1) Market Information

The Company's stocks are being traded at the Philippine Stock Exchange. However, for the last five (5) years, trading of the Company's shares was suspended.

In view of the suspension of trading of the Company's shares, the high and low sales prices of such shares for each quarter of the calendar years 2013, 2014 and 2015 could not be determined.

	2015		2014		2013	
Quarter	High	Low	High	Low	High	Low
1st	0.00	0.00	0.00	0.00	0.00	0.00
2nd			0.00	0.00	0.00	0.00
3rd			0.00	0.00	0.00	0.00
4th			0.00	0.00	0.00	0.00

The shares of the Company were last traded on March 20, 2007 at a price of P0.26 per share.

(2) Holders

As of 31 December 2014 the number of shareholders of record is 1,912 while common shares outstanding were 2,000,000,000 shares. The Company's top 20 Stockholders as of 31 December 2014.

	Name of Stockholders	Number of Shares	% of Ownership
1	Fil-Estate Management, Inc.	1,757,690,198	87.885%
2	PCD Nominee Corporation (Filipino)	100,706,533	5.036%

3	Alakor Securities Corporation	66,778,253	3.339%
4	Bank of Commerce - Trust Services Group	43,211,800	2.161%
5	Bank of Commerce TG-91-07-001-C	6,383,000	0.319%
6	PCD Nominee Corp. (Non-Filipino)	3,063,129	0.153%
7	Fil-Estate Management Inc.	2,059,998	0.103%
8	Bancommerce Investment Corp	2,000,000	0.100%
9	Atty. Gilbert Reyes ITF Various Shareholders	1,903,514	0.095%
10	Noel Cariño	1,506,500	0.075%
11	Jaime Borromeo	1,000,000	0.050%
12	Leroy Tan	675,500	0.034%
13	Belson Securities, Inc. A/C#196-358	664,000	0.033%
14	Roberto N. Del Rosario	628,000	0.031%
15	CFC Corporation	576,000	0.028%
16	The Holders of the Unexchanged San Jose Oil Co., Inc.	556,839	0.028%
17	Li Chih Hui	500,00	0.025%
18	David Go Securities Corp.	414,200	0.021%
19	Treandline Securities Corp.	382,500	0.019%
20	Alberto Mendoza &/or Jeanie C. Mendoza	300,000	0.015%

(3) Dividends

No dividends were declared in the last two (2) calendar years.

Under the Company's by-laws, there are no restrictions in the declaration of dividends other than what is prescribed in the Corporation Code, namely that these shall be declared only from surplus profit and no stock dividend shall be issued without the approval of stockholders representing not less than two-thirds of all stock outstanding and entitled to vote at a general or special meeting called for the purpose.

(4) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

The Company did not sell any securities not registered under the SRC within the past three (3) years. The Company within the same period did not issue any new share nor reacquire securities or issue securities in exchange for property, services or other services or issue new securities resulting from the modification of outstanding securities. The Company did not apply for or receive written confirmations from the Commission under SRC Rule 10.1.

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

Plan of Operation:

1. MRT Operations

Metro Global Holdings Corporation continues to be a stakeholder of the Metro Rail Transit Project through its holding company MRTHI and its associate, Monumento Rail.

MGH also plans to continue its strategy of maintaining itself as a holding corporation with key investment in the form of equity interest in MRTHI and MRTHII. 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) began full operation on July 15, 2000, which involved 13 stations spanning the North Triangle to Taft Avenue. The operation for the next twelve (12) months was strictly confined to that of an investee corporation.

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

I. Operations for the next twelve months

The Company is expected to received its 28.47% share in 5% of the lease income termed Depot Royalties as a result of the redemption of its redeemable preferred shares in Monumento Rail. This revenue will be used to fund its operating expenses, partially pay its debts to FEMI and search for other business opportunities.

The Company does not anticipate any material transactions that will require additional funding nor does it foresee any cash flow or liquidity problems within the next twelve (12) months.

The Company does not have plans for any product research and development within the same period.

There are no expected purchases or sale of plant and significant equipment within the next 12 months as the Company is not engaged in any manufacturing business.

Management Discussions and Analysis of Financial Condition and Results of Operations

Financial Highlights for the years 2014, 2013, and 2012 are presented below:

	2014	2013	2012
Other Income	9,051,740	441,762	368
Other Expense	(183,264,741)	(49,705,499)	-
Net Income/ (Loss)	(193,014,437)	(71,793,228)	(9,755,834)
Total Assets	1,548,897,145	1,722,918,121	1,774,591,858
Total Liabilities	1,582,828,489	1,762,525,911	2,540,509,157
Net Worth	(33,931,344)	(39,607,790)	(765,917,299)
Issued and Subscribed Capital	2,000,000,000	1,799,850,000	999,850,000

The top key performance indicators of the Company are as follows:

	December 31, 2014	December 31, 2013	December 31, 2012
Current Ratio	0.0066:1	0.0002:1	0.0005:1
Current Assets	2,645,451	92,392	163,367
Current Liabilities	402,101,488	398,534,169	357,436,756
Assets to Equity Ratio	(45.65):1	(43.50):1	(2.32):1
Total Assets	1,548,897,145	1,722,918,121	1,774,591,858
Stockholders Equity	(33,931,344)	(39,607,790)	(765,917,299)
Debt to Equity Ratio	(46.65):1	(44.50):1	(3.32):1
Total Liabilities	1,582,828,489	1,762,525,911	2,540,509,157
Stockholders Equity	(33,931,344)	(39,607,790)	(765,917,299)
Equity to Debt Ratio	(0.02):1	(0.02):1	(0.30):1
Stockholders Equity	(33,931,344)	(39,607,790)	(765,917,299)
Total Liabilities	1,582,828,489	1,762,525,911	2,540,509,157
Book Value per Share	(0.02)	(0.02)	(0.77)
Stockholders Equity	(33,931,344)	(39,607,790)	(765,917,299)
Shares Outstanding	2,000,000,000	1,799,850,000	999,850,000
Earnings/(Loss) per Share	(0.10)	(0.04)	(0.01)
Net Income/(Loss)	(193,014,437)	(71,793,228)	(9,755,834)
Average Number of Shares Outstanding	1,998,553,181	1,798,403,181	999,850,000

Current Ratio decreased from 2012 to 2013 due to the decrease in Cash due to payment of various accruals and 2013 operating expenses. The decrease in current ratio in 2013 from 2012 was also due to increase in current liabilities brought about by the increase in accrued expenses including the provision for probable losses in 2013 of Php18 million. Current ratio increased from 2013 to 2014 mainly due to increase in current assets brought about by increase in receivables amounting to Php1.65 million pertaining to expenses related to cost of meetings with prospective investors and chargeable to MRTHII.

Assets to Equity Ratio resulted in a negative for 2012 to 2014 due to the negative equity balance of the Company. Total assets decreased in 2014 as compared to prior years due to the decrease in AFS investment as a result of decrease in the fair market values of the Company's quoted and unquoted equity securities. The investment in quoted securities declined in value in 2014 from 2013 amounting to P1.4 Million while an impairment loss amounting to P183.3 Million was recognized from investments in MRTHI and MRTHII in 2014. Stockholders' equity increased from 2012 to 2013 due to the conversion of a portion of the liabilities of the Company to FEMI amounting to P800.0 Million into equity shares equivalent to 800.0 Million shares with a par value ot P1.00 per share, which SEC approved on December 16, 2013. In 2014, P200.2M due to stockholder were converted to equity resulting to decrease in stockholders equity from 2013 to 2014. However, the company recognized net loss of P193.0 million in 2014 due to impairment loss.

Debt to Equity Ratio for 2012 to 2014 also resulted in the negative because of the reported negative equity balance. The decrease in Total Liabilities were primarily due to conversion of portion of liabilities of the Company to FEMI to equity by P200.2 Million in 2014 and P800.0 Million in 2013.

Book Value per Share is (0.77) in 2012 and (0.02) in 2013 and 2014. Book value per share improves due to decrease in deficit brought about by conversion of advances to equity in 2013 and 2014.

Loss per share is (P0.10) in 2014, (P0.04) in 2013 and (P0.01) in 2012. The company reported net loss in three (3) consecutive years. In 2014 the company recognized Other Income of P9.05 Million as share in net profit of associate (Monumento Rail) but recognized impairment loss of Php 183 Million.

(i) There are NO known trends, demands, commitments, events or uncertainties that have or are reasonably likely to have a material impact on the Company's short term or long-term liquidity.

(ii) The company's external source of financing comes from advances made by FEMI, the parent company which owns 87.885% of the Company.

(iii) The Company has NO material commitments for capital expenditures.

(iv) There are NO known trends, events or uncertainties that have had or are reasonably expected to have a material impact on the revenues or income from continuing operations.

(v) There are NO significant elements of income or loss that did not arise from Company's operations

(vi) There have been NO material changes from 2012 to 2014 in one or more line items of the Company's financial statements, EXCEPT as disclosed below:

a. Other Income in 2014 pertains to share in net profit of associate, Monumento Rail, where the Company has 28.47% equity interest. The other income in 2013 pertains to reversal of the provision for contingencies. The company reported other income of P9.0 Million in 2014 and P0.4 Million in 2013.
b. Other Expense was higher in 2014 compared to 2013 due to higher impairment loss recognized on the Company's investment in the MRT companies. The company recognized impairment loss of P183.2 Million and P49.7 Million in 2014 and 2013, respectively.
c. Income Before Income Tax decreased in 2014 compared to 2013 mainly due to higher impairment loss. Income Before Income Tax was lower in 2013 compared to 2012 due to impairment loss in 2013 vs. nil in 2012 and higher operating expenses in 2013.
d. Stockholder's Equity decreased by P726.3 M in 2013 from 2012 as result of conversion of advances to equity of P800.0 million and the company recognized net loss of P73.7 million in 2013. In 2014, deficit decreased by P5.68 million from 2013 due to conversion of advances to equity of P200.2 Million and recognized net loss of P193.0 Million.
e. Current Assets decreased in 2013 from 2012 due to the decrease in cash primarily due to payment of various accruals and 2013 operating expenses. Current assets increased in 2013 to 2014 primarily due to increase in receivables pertaining to expenses related to cost of meetings with prospective investors and chargeable to MRTHII.

f. Non- Current Assets decreased in 2013 compared to 2012 mainly due to the decrease in the value available for sale financial assets due to the recognition of impairment loss. In 2014, non-current assets also decreased due to decrease in the value of available for sale financial assets brought about by impairment loss despite recognition by the Company of its share in the net equity earnings of its investment in associate amounting to P9.0 million.
g. Current Liabilities increased in 2013 from 2012 due to provision for probable losses and additional accrued expenses in 2013. It slightly increased in 2014 from 2013 by P3.5 Million.
h. Non-Current Liabilities decreased in 2013 from 2012 mainly due to conversion of advances to equity of P800.0 million and also decreased in 2014 from 2013 due to additional conversion of advances to equity of P200.2 million.

(vii) There have been NO seasonal aspects that had a material effect on the financial condition or results of operations of the Company

(viii) There are NO events that will trigger direct or contingent financial obligation that is material to the Company, including any default of acceleration of an obligation.

Other Matters

As of December 31, 2014, there were no material trends, events and uncertainties known to management that would have had an adverse effect on the operations of the Company.

There are no known trends or any known demands, commitments, events or uncertainties that would have resulted in or that were likely to result in an increase or decrease in the Company's liquidity in any material way.

The Company has not been in default or breach of any note, loan, lease, other indebtedness or financing arrangement requiring it to make payments. The Company had no significant trade payables that were not been paid within the stated terms.

The Company is not aware of any event that would have triggered a direct or contingent financial obligation that in turn would have been material to the Company, including any default or acceleration of an obligation.

There have been no off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons that were created during the reporting period.

The Company had no material commitments for capital expenditures.

The Company recognized an impairment loss of ₱183.3million in 2014, after its liability to FEMI amounting to ₱800.0 million was converted to equity, resulting in a reduction of its outstanding liability to ₱847.3 million, while the carrying value of the investments in MRTHI and MRTHII remained at ₱1,714 million as at December 31, 2014. The impairment loss was reduced after taking into account the deposits received from MPIC amounting to ₱350.0 million and the advances received from MRTHI and MRTHII in prior years to be applied against future dividends amounting to ₱333.5 million.

Item 7. **Financial Statements**

Refer to the Audited Financial Statements as of December 31, 2014 and 2013 certified by Mr. Alfonso Cay-an, Managing Partner, Valdes, Abad and Co. CPAs.

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

There have been no disagreements with the Company's accountants, past or present, on accounting and financial disclosures. Since 2014 up to the present, Valdes, Abad and Co. CPA's. has been engaged as the external auditor of the Company.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. **Directors and Executive Officers of the Registrant**

(A) Executive Officers of the Registrant

(1) The names, ages, citizenships, terms of office, tenures as directors and experiences for the past five years of all the directors and executive officers are as follows:

Name	Age	Citizenship	Executive Position	Term	Years Served
Robert John L. Sobrepeña	60	Filipino	Chairman of the Board	1	1996 - 2015
Ferdinand T. Santos	64	Filipino	President	1	1996 - 2015
Noel M. Cariño	60	Filipino	Director	1	1996 - 2015
Enrique Sobrepeña	88	Filipino	Director	1	1997-2015
Rafael Perez de Tagle, Jr.	60	Filipino	Director	1	2000 - 2015
Francisco C. Gonzalez	71	Filipino	Director, Independent	1	2010 - 2015
Alice Odchigue-Bondoc	48	Filipino	Director	1	2004 - 2015
Roberto S. Roco	62	Filipino	Director	1	2004 - 2015
Gilbert Raymund T. Reyes	57	Filipino	Corporate Secretary	1	2003 - 2015

ROBERT JOHN L. SOBREPEÑA, Filipino, age 60, is the Chairman of the Board of the Company and is one of the three founding members of the Fil-Estate Group of Companies. Mr. Sobrepeña concurrently holds various positions in the Fil-Estate Group. He is the Chairman of the Board of several companies: Fil-Estate Management, Inc. MRT Development Corporation, CJHDEVCO, Camp John Hay Hotel, Fil -Estate Ecocentrum Corp., and Club Leisure Management, Inc. He graduated with a Bachelor's Degree in Science major in Psychology and Marketing from De La Salle University in 1978.

ATTY. FERDINAND T. SANTOS, Filipino, age 64 is the President and is one of the three founding members of Fil-Estate Group of Companies. He concurrently holds various positions in the Fil-Estate Group. He is the President of Fil-Estate Management, Inc., Global Estate Resorts, Inc., CJHDEVCO and Fil-Estate Ecocentrum Corporation. He took his Bachelor of Arts at Arellano University in 1970. He has a Bachelor of Law degree from San Beda College where he graduated Valedictorian and Magna Cum Laude in 1974. He was a topnotcher in the 1974 Philippine Bar Exams (2nd Placer).

NOEL M. CARIÑO, Filipino, age 60, is a Director of the Company and is one of the three founder of the Fil-Estate Group of Companies. He holds various positions in the Fil-Estate Group. Mr. Cariño was a Director of the Subdivision and Housing Development Association and of the Chamber of Real Estate and Builders Association. Currently he is the President of the WAR Against Poverty Foundation.

RAFAEL PEREZ DE TAGLE JR., Filipino, age 60, is also a Director of MRT Development Corporation, CJHDVECO, Fil-Estate Ecocentrum Corporation, Camp John Hay Hotel and CAP General Insurance. He has a degree in Arts major in Economics from De La Salle University in 1976.

ENRIQUE A. SOBREPEÑA JR., Filipino, age 88, a Director of the Company, is concurrently the President and Chief Executive Officer of College Assurance Plan Phils., CAP Life Insurance Corporation, CAP Technologies Corporation, Comprehensive Annuity Plans and Pension, CAP Realty, inc. and CAP General Insurance Company, Mr. Sobrepena is also a Director of CJHDEVCO and CAP Foundation for Socio Economic Cooperation, Inc. He graduated with Bachelor of Arts at Siliman University in 1949 and Bachelor of Laws at University of Manila in 2001 and Doctor of Business Administration, Honoris Causa by University of Baguio in 2002.

FRANCISCO C. GONZALEZ, Filipino, age 71, is the Chairman of the Board and CEO of Romago Corporation and Fabriduct & Metal Systems, Inc. He is the Chairman of the Board of Romago, Inc. Guam and Electro Mechanical Products International, Inc. He also serves as President of Asia Pacific Golf Cars Corporation. He is also a Director and serves as Chairman of the Membership Committee of The Manila Southwoods Golf & Country Club, Inc. and Forest Hills Golf & Country Club, Inc. He is also the proprietor of A & P of Manila.

ROBERTO S. ROCO, Filipino, age 62, is the Chief Financial Officer of Global Estate Resorts, Inc. He is also a Director of Fil-Estate Ecocentrum Corporation, MRT Development Corporation and FEPI. He graduated from Ateneo de Manila University with a degree in Bachelor of Science major in Management.

ALICE O. BONDOC, Filipino, age 48, is also Senior Vice President for Good Governance and Assistant Corporate Secretary of the Company. She is also the Senior Vice President for Corporate & Legal Affairs of the Company's parent company, Fil-Estate Management, Inc. and affiliate companies. She is the Director for Corporate & Legal Affairs and Assistant Corporate Secretary of Camp John Hay Development Corporation and affiliate companies. She is also the Chief Legal Officer of Metro Solar Power Solutions, Inc. She took her Bachelor of Science in Business Management major in Legal Management at Ateneo de Manila University and graduated Honorable Mention and Departmental Awardee of the Department of Legal Management in 1987. She holds a Doctor of Jurisprudence degree from Ateneo de Manila University School of Law and graduated as Second Honors-Silver Medal Awardee in 1992.

GILBERT RAYMUND T. REYES, Filipino, age 57, has been the Corporate Secretary of the Company since 2003. He is a founding partner of the Poblador Bautista and Reyes Law Offices. He graduated with a Bachelor of Science degree major in Biology at the University of the Philippines in 1979. He holds a Bachelor of Law degree from the University of the Philippines College of Law, graduating with Magna Cum Laude honors in 1983.

(2) Significant Employees

The Company has no employee who is not an executive officer or who is expected by the Company to make a significant contribution to the business. The Company's business is not highly dependent on the services of any key personnel.

(3) Family Relationships

Mr. Enrique A. Sobrepena, a director, is the father of Mr. Robert John L. Sobrepena, Chairman of the Board.

(4) Involvement in Certain Legal Proceedings

The Company's directors and executive officers have not been the subject of the following legal proceedings in the last five (5) years:

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

2. Any pending or conviction by final judgment in a criminal proceeding, domestic or foreign;

3. 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 their involvement in any type of business, securities or commodities or banking activities;

4. Found by a domestic or foreign court of competent jurisdiction, the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated securities or commodities law or regulation, the judgment of which has not been reversed, suspended or vacated.

Item 10. **Executive Compensation**

(B) Executive Compensation

No Compensation paid in 2014 and 2013 for the benefit of Officers and Directors of the Company.

(1) General

Section 8 of the Company's By-Laws on Compensation, provides that "Each director shall receive a reasonable per diem allowance for his attendance at each meeting of the board. As a compensation, the Board shall receive and allocate an amount of not more than five (5%) percent of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper."

The directors receive a per diem of ₱10,000 per attendance at Board Meetings, and there is no provision in this section that may be construed as precluding any director from serving in any other capacity and receiving any compensation thereof.

The Company plans to compensate its Chief Executive, Officers and Directors for any and all services rendered in 2014 and prior years. The amount of compensation is to be determined and will be subject to the approval by the BOD.

Summary Compensation Table:

Name	Position	Salary	Bonus	Other Annual Compensation (Per Diem)
Robert John L. Sobrepeña	Chairman of the Board			0
Atty. Ferdinand T. Santos	President			0
Noel M. Cariño	Director			0
Rafael Perez de Tagle	Director			0
Atty. Enrique A. Sobrepeña, Jr	Director			0
Roberto S.Roco	Director, Independent			0
Francisco C. Gonzalez	Director, Independent			0
Eduardo R. Santos	Director, Independent			0
Atty. Alice O. Bondoc	Director/SVP for Good Governance			0
Atty. Gilbert Raymund T. Reyes	Corporate Secretary			0

Group Compensation 2014				0
Group Compensation 2013				0
Group Compensation 2012				0

Standard Arrangements

There are no existing standard arrangements pursuant to which directors of the Company are compensated, directly or indirectly, for any services provided as director, nor are there any additional amounts payable to any of the Directors for committee participation or special assignments for the last completed fiscal year and the ensuing year.

Other Arrangements

There are no other existing arrangements or consulting contracts, pursuant to which any of the directors of the Company was compensated or is to be compensated, directly or indirectly, during the last completed fiscal year and the ensuing fiscal year, or for any services provided as director.

Employment Contract and Termination of Employment and Change-in-control Arrangements

Management of the Company is currently being undertaken by the executive officers of the parent company. For this reason, the Company has no existing employment contract with any executive officer nor is there any existing compensatory plan or arrangement, including payments to be received from the Company with respect to an executive officer's employment with the Company and its subsidiaries or from a change-in-control of the Company or a change in the named executive officer's responsibilities following a change-in-control and the amount involved, including all periodic payments or installments.

Warrants and Options Outstanding: Re-pricing

The Company has not issued any warrants and there are no outstanding warrants or options held by the Company's CEO, the named executive officers, or any of the officers and directors, individually or as a group.

Item 11. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2014, Metro Global Holdings Corporation knows of no one who beneficially owns more than 5% of the Company's issued common stock except as set forth in the table below.

Titles of Class	Name, address of record owner and relationship to issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	**Fil-Estate Management, Inc.** Mezzanine Floor Renaissance Tower, Meralco Ave. Ortigas, Pasig City	**Robert John L. Sobrepeña - Chairman**	Filipino	1,757,690,197	87.885%
	PCD Nominee Corp. (Filipino)	**Virgilio Castillo - President**	Filipino	100,713,033	5.036%

G/F MKSE Bldg., Ayala Avenue Makati City				
Alakor Securities Corp. (Filipino) 9F Quad Alpha Centrum, 123 Pioneer Street Mandaluyong City	**Presentacion Ramos - President**	Filipino	66,778,253	3.339%

Mr. Robert John L. Sobrepeña is the Chairman of Fil-Estate Management, Inc., a company he owns to the extent of about one-third (1/3) of the outstanding shareholdings. He is also the Chairman of the Board of the Company.

Mr. Virgilio Castillo is the President of PCD Nominee Corporation. He holds the voting power over the shares of stocks of PCD Nominee.

Mr. Presentacion Ramos is the President of the Alakor Securities Corporation. He holds the voting power over the shares of stocks of Alakor Securities.

The Corporate Secretary or in his absence, the Assistant Corporate Secretary, has been appointed by Fil-Estate Management, Inc. to direct the voting or disposition of the shares held by the said stockholders. FEMI's office is at Mezzanine Floor Renaissance Tower, Meralco Ave., Pasig City.

There are no securities placed under Trust or Agreement.

(2) Security Ownership of Management

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Robert John L. Sobrepeña	241,000	Filipino	.01205%
	Ferdinand T. Santos	1,000	Filipino	.00005%
	Noel M. Cariño	1,506,500	Filipino	.07532%
	Enrique A. Sobrepeña	1,000	Filipino	.00005%
	Alice Odchigue-Bondoc	1	Filipino	
	Roberto S. Roco	1	Filipino	
	Rafael Perez de Tagle Jr.	1,000	Filipino	.00005%
	Eduardo R. Santos	1	Filipino	
	Francisco C. Gonzales	1,000	Filipino	.00005%
	TOTAL	**1,751,502**		**.08757%**

The beneficial ownership of the foregoing directors arises from the direct ownership of the shares above-indicated registered in the name of the said directors.

(3) Voting Trust Holders of 5% or more

No director, executive officer or nominee of the Company holds more than 5% of the Company's common shares under a voting trust or similar agreement.

(4) Changes in control since the Last Calendar Year

There has been no change in the controlling majority stockholder of the Corporation. Neither has there been any arrangement with any party, which may have resulted in a change in the control of the Company.

Item 12. **Certain Relationship and Related Transactions**

D (1) Fil-Estate Corporation, in the normal course of business, grants and obtains interest bearing cash advances to an affiliated Company.

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

(a) Any director or executive officer of the Company;
(b) Any nominee for election as a director;
(c) Any security holder named in response to Part IV, paragraph ©, IRR, SRC
(d) Any member of the immediate family (including spouse, parents, children, siblings, and in-laws of any of the persons in subparagraph (1)(a), (b) or (c) of this paragraph (d).

D (3) The parent company of the Company is Fil-Estate Management, Inc. which owns 87.885% of the total issued, outstanding and subscribed capital stock of the Company.

PART IV - CORPORATE GOVERNANCE

Item 13. Corporate Governance

This portion has been deleted pursuant to SEC Memorandum Circular No. 5, Series of 2013.

PART V - EXHIBITS AND SCHEDULES

Item 13

b) Reports on SEC Form 17-C

I. During the special meeting of the BODs of the Company held on March 18, 2014, the BOD approved, among others, the following matters:

a. Amendment of the Articles of Incorporation
• Amendment of Corporate Name to "Metro Global Holdings Corporation"

b. Amendment of the By-Laws of the Corporation
• Change the Corporate name of the Corporation to reflect "Metro Global Holdings Corporation"

c. To seek the written assent of the stockholders of the Corporation for a change in corporate name and for this purpose, set the record date on April 3, 2014.

II. On May 6, 2014 the Board approved the following:

a. Conversion into equity of an additional Two Hundred Million One Hundred Fifty Thousand Pesos (P200,150,000.00) in Company liabilities to Fil-Estate Management, Inc. (FEMI) divided into Two Hundred Million One Hundred Fifty Thousand (200,150,000) common shares of the Company at par value of One Peso (P1.00) per share out of the unissued capital stock; and

b. Entering into a Non-Disclosure Agreement with a prospective strategic foreign partner related to supplying corporate information on a possible infrastructure project in the Philippines with the Company.

c. Acquiring the Written Assent of the two-thirds (2/3) of the entire subscribed and outstanding capital stock of the Corporation approving the following proposed Amendments of Articles of Incorporation and By-Laws, to wit;

1. Amendment of the Articles of Incorporation
   a. Change of Corporate Name to "Metro Global Holdings Corporation"

2. Amendment of the By-Laws of the Corporation
   b. Change of corporate name of the Corporation to reflect "Metro Global Holdings Corporation"

Attached is a copy of the certification issued by BDO Corporate Agencies & Stock Transfer Department, Trust Investments Group certifying that as of 6 May 2014 the Corporation had acquired the written assent of shareholders holding 1,557,540,199 shares representing more than two-thirds (2/3) of the entire subscribed and outstanding capital stock of the Corporation.

III. On May 29, 2014, the Company informed SEC that Independent Director, Arch. Ruben T. Payumo had died on August 21, 2013.

IV. On May 30, 2014, SEC approved the Company's application for a change in corporate name of Fil-Estate Corporation to Metro Global Holdings Corporation.

V. On July 4, 2014, in a special meeting of the BODs of the Company, Mr. Eduardo R. Santos was elected as an Independent Director.

VI. On September 6, 2014, the SEC approved the Corporation's application for Confirmation of Valuation (Annex "A") of the advances of ₱200,150,000 as payment for the additional subscription of Fil-Estate Management, Inc. to 200,150,000 common shares of Metro Global Holdings Corporation (formerly Fil-Estate Corporation) with a par value of P1.00 per share.

103192014001621

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632)726-0931 to39 Fax:(632)725-5293 Email: mis@sec.gov.ph

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Company Representative

Doc Source

Company Information

SEC Registration No.	0000009142
Company Name	FIL-ESTATE CORP.
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	103192014001621
Document Type	17-C (FORM 11-C:CURRENT DISCL/RPT)
Document Code	17-C
Period Covered	March 18, 2014
No. of Days Late	0
Department	CFD
Remarks	

COVER SHEET

9142
SEC Registration No

FIL-ESTATE CORPORATION

(Company's Full Name)

7TH FLOOR RENAISSANCE TOWER
MERALCO AVENUE PASIG CITY
(Business Address No. Street City/ Town/ Province)

Mr. Ramon G. Jimenez	6336205 loc. 108
Contact Person	Company Telephone Number

SEC FORM 17-C

12 31		1st Thursday of March
Month Day	FORM TYPE	Month Day
fiscal year		annual meeting

Listed
Secondary License Type, if Applicable

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **18 March 2014**
Date of Report (Date of earliest event reported)

2. SEC Identification Number: **ASO9124** 3. BIR Tax Identification No. **041-000-194-408**

4. **Fil-Estate Corporation**
Exact name of issuer as specified in its charter

5. .... 6. [ ] (SEC Use Only)
Province, country or other jurisdiction of incorporation *Industry Classification Code*

7. **7/F Renaissance Tower, Meralco Ave., Pasig City** **1600**
Address of principal office Postal Code

8. **(632) 6336205**
Issuer's telephone number, including area code

9. **N.A.**
Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	<u>Number of Shares of Common Stock</u> <u>Outstanding</u> or Amount of Debt Outstanding (As of February 28, 2014)
<u>Common shares</u>	1,798,403,181 shares (*Net of Subscription Receivables*) 298,403,181 shares (Issued and Listed) 1,500,000,000 shares (Issued: For Listing)

11. Indicate the item numbers reported herein

Please be advised that during the special meeting of the Board of Directors of Fil-Estate Corporation (the "Corporation") held on 18 March 2014, the Board approved, among others, the following matters:

a. Amendment of Articles of Incorporation
   - Amendment of Corporate Name to "Metro Global Holdings Corporation"

b. Amendment of the By-Laws of the Corporation
   - Change the Corporate name of the Corporation to reflect "Metro Global Holdings Corporation

c. To seek the written assent of the stockholders of the Corporation for the change in corporate name and for this purpose, set the record date on 3 April 2014.

SIGNATURE

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

FII-ESTATE CORPORATION
Issuer

Date: March 18, 2014

By:

ALICE ODCHIGUE-BONDOC
Assistant Corporate Secretary

COVER SHEET

9142

SEC Registration No.

FIL-ESTATE CORPORATION

(Company's Full Name)

7TH FLOOR RENAISSANCE TOWER

MERALCO AVENUE PASIG CITY

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

ALICE ODCHIGUE-BONDOC

Contact Person

6336205 loc. 113

Company Telephone Number

SEC FORM 17-C

1 2	3 1	FORM TYPE	1st Thursday of March
Month	Day		Month Day
fiscal year			annual meeting

Listed

Secondary License Type, If Appplicable

Dept. Requiring this Doc.

Amended Articles Number/ Section

Tota Amount of Borrowings

Domestic

Foreign

****

To be accomplished by SEC Personnel concerned

File Number

LCU

Dociment I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **6 May 2014**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: **ASO9124** 3. BIR Tax Identification No. **000-194-408-000**

4. **Fil-Estate Corporation**
   Exact name of issuer as specified in its charter

5. .... 6. [ ] (SEC Use Only)
   Province, country or other jurisdiction of incorporation — Industry Classification Code:

7. **7/F Renaissance Tower, Meralco Ave., Pasig City** — **1600**
   Address of principal office — Postal Code

8. **(632) 6336205**
   Issuer's telephone number, including area code

9. **N.A.**
   Former name or former address, if changed since last report

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 or Amount of Debt Outstanding (As of April 30, 2014)
Common shares	**1,799,850,000 shares**

11. Indicate the item numbers reported herein:

Please be advised that the Corporation has already acquired the Written Assent of the two-thirds (2/3) of the entire subscribed and outstanding capital stock of the Corporation approving the following proposed Amendments of Articles of Incorporation and By-Laws, to wit:

1. Amendment of Articles of Incorporation
   a. Change of Corporate Name to "Metro Global Holdings Corporation"

2. Amendment of the By-Laws of the Corporation
   a. Change the corporate name of the Corporation to reflect "Metro Global Holdings Corporation"

Attached is a copy of the certification issued by BDO Corporate Agencies & Stock Transfer Department, Trust Investments Group certifying that as of 6 May 2014 the Corporation has acquired the written assent of shareholders holding 1,557,540,199 shares representing more than two-thirds (2/3) of the entire subscribed and outstanding capital stock of the Corporation.

SIGNATURE

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

FIL-ESTATE CORPORATION
Issuer

Date: 6 May 2014

By:

ALICE ODCHIGUE-BONDOC
Assistant Corporate Secretary

COVER SHEET

9142
SEC Registration No

FIL-ESTATE CORPORATION

(Company's Full Name)

7TH FLOOR RENAISSANCE TOWER
MERALCO AVENUE PASIG CITY
(Business Address: No. Street City/ Town/ Province)

ALICE ODCHIGUE-BONDOC
Contact Person

6336205 loc. 113
Company Telephone Number

SEC Form 17-C

12 31
Month Day
fiscal year

FORM TYPE

1st Thursday of March
Month Day
annual meeting

Listed
Secondary License Type, If Applicable

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **29 May 2014**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: **ASO9124** 3. BIR Tax Identification No. **000-194-408-000**

4. **Fil-Estate Corporation**
   Exact name of issuer as specified in its charter

5. .... 6. [ ] (SEC Use Only)
   Province, country or other jurisdiction of incorporation — Industry Classification Code:

7. **7/F Renaissance Tower, Meralco Ave., Pasig City** — **1600**
   Address of principal office — Postal Code

8. **(632) 6336205**
   Issuer's telephone number, including area code

9. **N.A.**
   Former name or former address, if changed since last report

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 or Amount of Debt Outstanding (As of April 30, 2014)
Common shares	**1,799,850,000 shares**

11. Indicate the item numbers reported herein:

Please be advised that Independent Director, Arch. Ruben T. Payumo died on August 21, 2013. To this date, no new director has been elected to fill in the vacancy.

SIGNATURE

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

FIL-ESTATE CORPORATION
Issuer

Date: 29 May 2014

By:

RAMON G. JIMENEZ
Acting Compliance Officer

COVER SHEET

9 1 4 2

SEC Registration No

METRO GLOBAL HOLDINGS CORPORATION (Formerly Fil-Estate Corporation)

(Company's Full Name)

MEZZANINE FLOOR, RENAISSANCE TOWER, MERALCO AVE., PASIG

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

ALICE ODCHIGUE-BONDOC

Contact Person

6336205 loc. 113

Company Telephone Number

SEC FORM 17-C

FORM TYPE

1 2 | 3 1

Month Day

fiscal year

1st Thursday of March

Month Day

annual meeting

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **3 June 2014**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: **ASO9124** 3. BIR Tax Identification No. **000-194-408-000**

4. **Metro Global Holdings Corporation** *(formerly Fil-Estate Corporation)*
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines**
   Province, country or other jurisdiction of incorporation

6. ______ (SEC Use Only)
   Industry Classification Code:

7. **7/F Renaissance Tower, Meralco Ave., Pasig City** **1600**
   Address of principal office Postal Code

8. **(632) 6336205**
   Issuer's telephone number, including area code

9. **Fil-Estate Corporation**
   Former name or former address, if changed since last report

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 or Amount of Debt Outstanding (As of April 30, 2014)
Common shares	**1,799,850,000 shares**

11. Indicate the item numbers reported herein:

Please be advised that the Securities and Exchange Commission approved on 30 May 2014 the application of change of corporate name of Fil-Estate Corporation to Metro Global Holdings Corporation. Attached as **Annexes "A"** and **"B"** are the Certificates of Filing of Amended Articles of Incorporation and Revision of the Title of the Amended By-Laws respectively.

SIGNATURE

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

Metro Global Holdings Corporation
(Formerly Fil-Estate Corporation)
Issuer

Date: 3 June 2014

By:

ALICE ODCHIGUE-BONDOC
Compliance Officer

ANNEX "A"

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
City of Mandaluyong, Metro Manila

COMPANY REG. NO. 9142

CERTIFICATE OF FILING OF AMENDED ARTICLES OF INCORPORATION

KNOW ALL PERSONS BY THESE PRESENTS:

This is to certify that the amended articles of incorporation of the

METRO GLOBAL HOLDINGS CORPORATION
[Formerly: FIL-ESTATE CORPORATION]
[Amending Article I thereof.]

copy annexed, adopted on March 18, 2014 by majority vote of the Board of Directors and on May 06, 2014 by written assent of the stockholders owning or representing more than two-thirds of the outstanding capital stock, and certified under oath by the Corporate Secretary and a majority of the Board of Directors of the corporation was approved by the Commission on this date pursuant to the provision of Section 16 of the Corporation Code of the Philippines, Batas Pambansa Blg. 68, approved on May 1, 1980 and copies thereof are filed with the Commission.

Unless this corporation obtains or already has obtained the appropriate Secondary License from this Commission, this Certificate does not authorize it to undertake business activities requiring a Secondary License from this Commission such as, but not limited to acting as: broker or dealer in securities, government securities eligible dealer (GSED), investment adviser of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing company and time shares/club shares/membership certificates issuers or selling agents thereof. Neither does this Certificate constitute as permit to undertake activities for which other government agencies require a license or permit.

IN WITNESS WHEREOF, I have set my hand and caused the seal of this Commission to be affixed to this Certificate at Mandaluyong City, Metro Manila, Philippines, this 30th day of May, Twenty Fourteen.

FERDINAND B. SALES
Director
Company Registration and Monitoring Department

ANNEX "B"

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
City of Mandaluyong, Metro Manila

Company Reg. No. 9142

CERTIFICATE OF REVISION OF THE TITLE OF AMENDED BY-LAWS

KNOW ALL PERSONS BY THESE PRESENTS:

This is to certify that the title of Amended By-Laws of

METRO GLOBAL HOLDINGS CORPORATION
[Formerly: FIL-ESTATE CORPORATION]

copy annexed, adopted on March 18, 2014 by majority vote of the Board of Directors and on May 06, 2014 by the vote of the stockholders owning or representing more than two-thirds of the outstanding capital stock, and certified under oath by the Corporate Secretary and majority of the said Board to reflect the new name of the corporation was approved by the Commission on this date and copies thereof are filed with the Commission.

IN WITNESS WHEREOF, I have set my hand and caused the seal of this Commission to be affixed to this Certificate at Mandaluyong City, Metro Manila, Philippines, this 30th day of May, Twenty Fourteen.

FERDINAND B. SALES
Director
Company Registration and Monitoring Department

COVER SHEET

9 1 4 2
SEC Registration No.

METRO GLOBAL HOLDINGS CORPORATION (Formerly Fil-Estate Corporation)

(Company's Full Name)

MEZZANINE FLOOR RENAISSANCE TOWER MERALCO AVE. PASIG

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

ALICE ODCHIGUE-BONDOC
Contact Person

6336205 loc 113
Company Telephone Number

SEC FORM 17-C
Current Report under Section 17 of the SRC
FORM TYPE

1 2 | 3 1
Month | Day
fiscal year

1st Thursday of March
Month | Day
annual meeting

Listed

To be accomplished by SEC Personnel concerned

STAMPS

SECURITIES AND EXCHANGE COMMISSION

I.C.T.D.

JUL 04 2014

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **4 July 2014**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: **ASO9142** 3. BIR Tax Identification No. **043-000-194-408**

4. **Metro Global Holdings Corporation** *(formerly Fil-Estate Corporation)*
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines**
   Province, country or other jurisdiction of incorporation

6. ☐ (SEC Use Only)
   Industry Classification Code:

7. **7/F Renaissance Tower, Meralco Ave., Pasig City** — **1600**
   Address of principal office — Postal Code

8. **(632) 6336205**
   Issuer's telephone number, including area code

9. N.A.
   Former name or former address, if changed since last report

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 or Amount of Debt Outstanding (As of June 30, 2014)
Common shares	**1,799,850,000 shares**

11. Indicate the item numbers reported herein:

Please be advised that Mr. Eduardo R. Santos has been elected as an Independent Director of Metro Global Holdings Corporation (the "Company") in a special meeting of the Board of Directors of the Company held on 4 July 2014.

SIGNATURE

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

METRO GLOBAL HOLDINGS CORPORATION *(formerly Fil-Estate Corporation)*
Issuer

Date: 4 July 2014

By:

RAMON G. JIMENEZ
Acting Compliance Officer

109092014002099

SECURITIES AND EXCHANGE COMMISSION

SECBuilding EDSA,Greenhills,MandaluyongCity,MetroManila Philippines
Tel (632) 726-0931 to 39 Fax (632) 725-5293 Email mis@sec gov ph

Barcode Page

The following document has been received:

Receiving Officer/Encoder Julius N Salustiano
Receiving Branch SEC Head Office
Receipt Date and Time September 09 2014 05 05 46 PM
Received From Head Office

Company Representative

Doc Source

Company Information

SEC Registration No.	0000009142
Company Name	METRO GLOBAL HOLDINGS CORPORATION
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	109092014002099
Document Type	17-C (FORM 11-C CURRENT DISCL/RPT)
Document Code	17-C
Period Covered	September 08, 2014
No of Days Late	0
Department	CFD
Remarks	

COVER SHEET

9142
SEC Registration No

METRO GLOBAL HOLDINGS
CORPORATION (Formerly
Fil-Estate Corporation)

(Company's Full Name)

MEZZANINE FLOOR, RENAISSANCE
TOWER, MERALCO AVE., PASIG
(Business Address No. Street City/ Town/ Province)

ALICE ODCHIGUE-BONDOC
Contact Person

6336205 loc. 113
Company Telephone Number

SEC FORM 17-C

12 31
Month Day
fiscal year

FORM TYPE

1st Thursday of March
Month Day
annual meeting

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **8 September 2014**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: **ASO9142** 3. BIR Tax Identification No **043-000-194-408**

4. **Metro Global Holdings Corporation** *(formerly Fil-Estate Corporation)*
   Exact name of issuer as specified in its charter

5. **Metro Manila, Philippines**
   Province, country or other jurisdiction of incorporation

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

7. **Mezzanine Floor Renaissance Tower, Meralco Ave., Pasig City** — Address of principal office
   1600 — Postal Code

8. **(632) 6336205**
   Issuer's telephone number, including area code

9. **Fil-Estate Corporation**
   Former name or former address, if changed since last report

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 or Amount of Debt Outstanding (As of September 8 2014)
Common shares	**2,000,000,000 shares**

11. Indicate the item numbers reported herein:

Please be advised that the Securities and Exchange Commission has approved the Corporation's application for Confirmation of Valuation (**Annex "A"**) of the advances of P200,150,000.00 as payment for the additional Subscription of Fil-Estate Management, Inc. to 200,150,000 common shares of Metro Global Holdings Corporation (formerly Fil-Estate Corporation) with par value of P1.00 per share.

SIGNATURE

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

METRO GLOBAL HOLDINGS CORPORATION *(formerly Fil-Estate Corporation)*
Issuer

Date: 8 September 2014

By:

ALICE ODCHIGUE-BONDOC
Compliance Officer

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
City of Mandaluyong, Metro Manila

COMPANY REG. No. 9142

CERTIFICATE OF APPROVAL OF VALUATION

KNOW ALL PERSONS BY THESE PRESENTS:

THIS IS TO CERTIFY that the valuation of the advances of **P200,150,000.00** as payment for the additional subscription of **200,150,000** shares with a par value of **P1.00** per share of

METRO GLOBAL HOLDINGS CORPORATION

was approved by the Commission pursuant to the provision of Section 62 of the Corporation Code of the Philippines, Batas Pambansa Blg. 68, approved on May 1, 1980.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of this Commission to be affixed to this Certificate at Mandaluyong City, Metro Manila, Philippines, this 4th day of September, Twenty Fourteen.

FERDINAND B. SALES
Director
Company Registration and Monitoring Department

Signatures

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Company Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on ________________ .

By:

Robert John L. Sobrepeña Chairman of the Board	**Atty. Ferdinand T. Santos** President
Ramon G. Jimenez VP –Accounting	**Alice O. Bondoc** Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 1 2 2018 day of ________ affiant(s) exhibiting to me their Social Security System Number, as follows:

NAMES	**SSS NO.**
Robert John L. Sobrepeña	03-6449007-1
Atty. Ferdinand T. Santos	03-2643588-3
Alice O. Bondoc	33-1923852-8
Ramon G. Jimenez	03-6347637-1

EDWIN G. CONDAYA
NOTARY PUBLIC
PASIG, PATEROS, SAN JUAN
UNTIL DEC. 31, 2018

Doc. No.: 20 ;
Page No.: 5 ;
Book No.: CLXXV;
Series of 2018

METRO GLOBAL HOLDINGS CORP.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE COMPANY'S FINANCIAL STATEMENTS

The management of **METRO GLOBAL HOLDINGS CORPORATION** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended December 31, 2014 and 2013, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including ten schedules attached therein, and submits the same to the stockholders.

VALDES, ABAD AND COMPANY., CPA's the independent auditors, appointed by the stockholders, has audited the financial statements of the Company 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 examination.

Signed under oath by the following:

Robert John L. Sobrepeña
Chairman of the Board

Atty. Ferdinand T. Santos
President

Ramon G. Jimenez
VP - Accounting

Mezzanine Floor, Renaissance Tower. Meralco Avenue, Barangay Ugong, Pasig City, Philippines
Tel.: +63.2.633.6205; Tel Fax: +63.2.633.6248
Website: www.metroglobalholdings.com; Email: info@metroglobalholdings.com

ACKNOWLEDGEMENT

SUBSCRIBED AND SWORN to before me this APR 1 2 2018 day of _________ affiant(s) exhibiting to me his/their Social Security System Number, as follows:

NAMES	SSS NO.
Robert John L. Sobrepeña	03-6449007-1
Atty. Ferdinand T. Santos	03-2643588-3
Ramon G. Jimenez	03-6347637-1

Doc. No.: 22 ;
Page No.: 6 ;
Book No.: CLXXV;
Series of 2018

EDWIN G. CONDAYA
NOTARY PUBLIC
PASIG, PATEROS, SAN JUAN
UNTIL DEC. 31, 2018
PTR NO. 3922099/1-03-18
BP NO. 01 [illegible] 17/UNTIL 201
TIN [illegible]
2ND [illegible]

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

9	1	4	2							

COMPANY NAME

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

PRINCIPAL OFFICE (No./Street/Barangay/City/Town)Province)

M E Z Z A N I N E   F L O O R ,   R E N A I S S A N C E
T O W E R ,   M E R A L C O   A V E N U E ,   P A S I G
C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
monjay@ymail.com	633-6205	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
1909		31-Dec

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
MR. RAMON G. JIMENEZ	monjay@ymail.com	633-6205	

CONTACT PERSON's ADDRESS

Mezzanine Floor, Renaissance Tower, Meralco Avenue, Pasig City

Note 1: 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.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

METRO GLOBAL HOLDINGS CORPORATION

FINANCIAL STATEMENTS AS OF DECEMBER 31, 2014 AND 2013

METRO GLOBAL HOLDINGS CORPORATION

TABLE OF CONTENTS

ANNUAL AUDITED FINANCIAL REPORT PACKAGE
DECEMBER 31, 2014

Valdes Abad & Company
(Formerly: Valdes Abad & Associates)
certified public accountants

CJV Building 108 Aguirre Street, Legaspi Village, Makati City, Philippines

Branches: Cebu and Davao

Phone: (632) 892-5931 to 35
(632) 519-2105
Fax: (632) 819-1468
E-mail: valdes.abad.associates@gmail.com

BOA/PRC Reg. No. 0314
SEC Accreditation No. A-142-F

gmn international
PARTNERING FOR SUCCESS

STATEMENT OF REPRESENTATION

TO THE SECURITIES AND EXCHANGE COMMISSION:

In connection with my examination of the financial statements **METRO GLOBAL HOLDINGS CORPORATION** which are to be submitted to the Commission, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);
2. That said financial statements are presented in conformity with Philippine Financial Reporting Standards, in all cases where I shall express an unqualified opinion; except that in case of any departure from such principles, I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
3. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;
4. That in the conduct of the audit, I shall comply with the Philippine Standards on Auditing promulgated by the Board of Accountancy; in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion;
5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and
6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided under the Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make these representations in my individual capacity and as a partner in the accounting firm of **VALDES ABAD & COMPANY, CPAs.**

ALFONSO L. CAY-AN
Partner
CPA Registration No. 99805
Issued on December 28, 2017, Valid until December 14, 2020
TIN No. 213-410-741-000
PTR No. 6617716, Issued Date: January 5, 2018, Makati City
BOA/PRC Reg. No. 0314
Issued on November 2, 2015, Valid until December 31, 2018
SEC Accreditation No. A-782-A
Issued on September 07, 2017, Valid until April 30, 2018
BIR Accreditation No. 08-002126-005-2017
Issued on December 13, 2017, Valid until December 12, 2020

Makati City, Philippines
April 12, 2018

Valdes Abad & Company
(Formerly: Valdes Abad & Associates)
certified public accountants

CJV Building 108 Aguirre Street, Legaspi Village, Makati City, Philippines

Branches:
Cebu and Davao

Phone: (632) 892-5931 to 35
(632) 519-2105
Fax: (632) 819-1468
E-mail: valdes.abad.associates@gmail.com

BOA/PRC Reg. No. 0314
SEC Accreditation No. A-142-F

gmn international
PARTNERING FOR SUCCESS

INDEPENDENT AUDITOR'S REPORT TO ACCOMPANYING FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Board of Directors
METRO GLOBAL HOLDINGS CORPORATION
Mezzanine Floor, Renaissance Tower
Meralco Avenue, Pasig City

We have audited the accompanying financial statements of METRO GLOBAL HOLDINGS COROPORATION as of December 31, 2014, on which we have rendered our report dated April 12, 2018.

1. In compliance with Revenue Regulation V-20, we are stating that we are not related by consanguinity nor affinity to the president, manager or principal stockholder of the Company; and the taxes paid or accrued by the Company during the year are shown in Note 12.2 - *Supplementary information in compliance with RR15-2010.*

2. In compliance with SRC Rule 68, we are stating that said Company has a total number of eight hundred nineteen (819) stockholders owning one hundred (100) or more shares each.

VALDES ABAD & COMPANY, CPAs
BOA/PRC Reg. No. 0314
Issued on November 2, 2015, Valid until December 31, 2018
SEC Accreditation No. A-142-F, Group A
Issued on September 7, 2017, Valid until April 30, 2018
BIR Accreditation No. 08-002126-000-2017
Issued on December 13, 2017, Valid until December 12, 2020

By:

ALFONSO L. CAY-AN
Partner
CPA Registration No. 99805
Issued on December 28, 2017, Valid until December 14, 2020
TIN No. 213-410-741-000
PTR No. 6617716, Issued Date: January 5, 2018, Makati City
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BIR Accreditation No. 08-002126-005-2017
Issued on December 13, 2017, Valid until December 12, 2020

Makati City, Philippines
April 12, 2018

Valdes Abad & Company
(Formerly: Valdes Abad & Associates)
certified public accountants

CJV Building 108 Aguirre Street, Legaspi Village, Makati City, Philippines

Branches: Cebu and Davao

Phone: (632) 892-5931 to 35
(632) 519-2105
Fax: (632) 819-1468
E-mail: valdes.abad.associates@gmail.com

BOA/PRC Reg. No. 0314
SEC Accreditation No. A-142-F

gmn international
PARTNERING FOR SUCCESS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors
METRO GLOBAL HOLDINGS CORPORATION
Mezzanine Floor, Renaissance Tower
Meralco Avenue, Pasig City

Opinion

We have audited the financial statements of METRO GLOBAL HOLDINGS CORPORATION (the Company) which comprise the statements of financial position as at December 31, 2014 and 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, *the Code of Ethics for Professional Accountants in the Philippines,* and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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RR7, Q.C. - RDO 43 PASIG CITY CITY
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Report on other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulation 15-2010 on taxes, duties and license fees in Note 12.2 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements.

In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

Other Mattter

The financial statements of Metro Global Holdings Corporation for the year ended December 31, 2013 were audited by another independent auditor whose report dated May 6, 2014 expressed as unqualified opinion on those financial statements.

VALDES ABAD & COMPANY, CPAs
BOA/PRC Reg. No. 0314
Issued on November 2, 2015, Valid until December 31, 2018
SEC Accreditation No. A-142-F, Group A
Issued on September 7, 2017, Valid until April 30, 2018
BIR Accreditation No. 08-002126-000-2017
Issued on December 13, 2017, Valid until December 12, 2020

By:

ALFONSO L. CAY-AN
Partner
CPA Registration No. 99805
Issued on December 28, 2017, Valid until December 14, 2020
TIN No. 213-410-741-000
PTR No. 6617716, Issued Date: January 5, 2018, Makati City
BOA/PRC Reg. No. 0314
Issued on November 2, 2015, Valid until December 31, 2018
SEC Accreditation No. A-782-A
Issued on September 07, 2017, Valid until April 30, 2018
BIR Accreditation No. 08-002126-005-2017
Issued on December 13, 2017, Valid until December 12, 2020

Makati City, Philippines
April 12, 2018

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METRO GLOBAL HOLDINGS CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013
(Amounts in Philippine Peso)

	Notes	2014	2013
Current Assets			
Cash	4.1,5	P 94,870	P 92,392
Other receivables	4.1,6	2,550,581	-
Total current assets		2,645,451	92,392
Non-current assets			
Available-for-sale financial assets	4.1,7	1,538,101,871	1,722,825,729
Investment in Associate	4.2,8	8,149,823	-
Total non-current assets		1,546,251,694	1,722,825,729
TOTAL ASSETS		P 1,548,897,145	P 1,722,918,121

LIABILITIES AND EQUITY

	Notes	2014	2013
Current Liabilities			
Income tax payable	4.9,12.2	P 3	P -
Accrued expense and other current liabilities	4.1,9	402,101,485	398,534,169
Total Current Liability		402,101,488	398,534,169
Non-Current Liabilities			
Due to a stockholder	4.8,16	847,258,377	1,030,523,118
Due to related parties	4.8,16	333,468,624	333,468,624
Total Non-current Liabilities		1,180,727,001	1,363,991,742
Total Liabilities		1,582,828,489	1,762,525,911
Stockholder's Equity			
Paid-up capital	4.11,14	1,998,553,181	1,798,403,181
Additional Paid-in capital	4.11,14	589,120,804	589,120,804
Cumulative Market adjustment	4.11,7.2	4,809,289	6,268,406
Deficit	4.11	(2,626,414,618)	(2,433,400,181)
Total stocholders equity		(33,931,344)	(39,607,790)
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY		P 1,548,897,145	P 1,722,918,121

See notes to financial statements.

METRO GLOBAL HOLDINGS CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 2014, 2013 AND 2012
(Amounts in Philippine Peso)

	Notes		2014		2013		2012
Other Income	*4.5,10.1*	P	9,051,740	P	441,762	P	368
General and Administrative Expenses	*4.5,11*		(18,801,433)		(22,529,491)		(9,756,202)
Other Expense	*4.5,10.2*		(183,264,741)		(49,705,499)		-
Income Before Tax			(193,014,434)		(71,793,228)		(9,755,834)
Income Tax Expense	*4.9,12.1*		(3)		-		-
Net Loss for the year			(193,014,437)		(71,793,228)		(9,755,834)
OTHER COMPREHENSIVE INCOME - net							
Items reclassified subsequently to net income upon derecognition							
Change in fair value of available-for-sale financial assets	*7.2*		(1,459,117)		(1,897,263)		190,613
TOTAL COMPREHENSIVE INCOME LOSS		P	(194,473,554)	P	(73,690,491)	P	(9,565,221)
Loss Per Share	*4.10,13*	P	(0.10)	P	(0.05)	P	(0.01)

See notes to financial statements.

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METRO GLOBAL HOLDINGS CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 2014, 2013 AND 2012
(Amounts in Philippine Peso)

	Notes	NUMBER OF SHARES	PAID-UP CAPITAL	ADDITIONAL PAID-IN CAPITAL	MARKET ADJUSTMENT	DEFICIT	TOTAL EQUITY
Balance as at January 1, 2012		998,403,181	P 998,403,181	P 589,120,804	P 7,975,056	P (2,351,851,119)	P (756,352,078)
Comprehensive loss for the year					190,613	(9,755,834)	(9,565,221)
Balance at December 31, 2012		998,403,181	P 998,403,181	P 589,120,804	P 8,165,669	P (2,361,606,953)	P (765,917,299)
Balance as at January 1, 2013		998,403,181	P 998,403,181	P 589,120,804	P 8,165,669	P (2,361,606,953)	P (765,917,299)
Increase in capital through conversion of advances	*2,4,11,14*	800,000,000	800,000,000				800,000,000
Comprehensive loss for the year	*7.2*				(1,897,263)	(71,793,228)	(73,690,491)
Balance at December 31, 2013		1,798,403,181	P 1,798,403,181	P 589,120,804	P 6,268,406	P (2,433,400,181)	P (39,607,790)
Balance as at January 1, 2014		**1,798,403,181**	**P 1,798,403,181**	**P 589,120,804**	**P 6,268,406**	**P (2,433,400,181)**	**P (39,607,790)**
Increase in capital through conversion of advances	*2,4,11,14*	**200,150,000**	**200,150,000**				**200,150,000**
Comprehensive loss for the year	*7.2*				**(1,459,117)**	**(193,014,437)**	**(194,473,554)**
Balance at December 31 2014		**1,998,553,181**	**P 1,998,553,181**	**P 589,120,804**	**P 4,809,289**	**P (2,626,414,618)**	**P (33,931,344)**

See notes to financial statements.

METRO GLOBAL HOLDINGS CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 2014, 2013 AND 2012
(Amounts in Philippine Peso)

	Notes	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income/loss before tax		P (193,014,434)	P (71,793,228)	P (9,755,834)
Adjustment for:				
Impairment loss	10.2	183,264,741	49,705,499	-
Interest income	10.1	(304)	(310)	(368)
Share in net profit of associate	10.1	(9,051,294)	-	-
Provision for probable losses	11	-	17,971,551	-
Reversal of provision for contingencies	10.1	-	(441,452)	-
Operating income/loss before working capital changes		(18,801,291)	(4,557,940)	(9,756,202)
Increase/decrease in trade other receivables		(1,649,110)	-	-
Increase/decrease in accrued expenses and current liabilities		3,567,316	23,567,314	6,398,760
Increase/decrease in due to a stockholder		16,885,259	(23,494,944)	
Cash generated from operations		2,174	(4,485,570)	(3,357,442)
Interest received	10.1	304	310	368
Net cash used by in operating activities		2,478	(4,485,260)	(3,357,074)
CASH FLOWS FROM FINANCING ACTIVITIES				
Related Party Transactions				
Borrowing	16.1	-	4,414,285	3,378,795
NET INCREASE (DECREASE) IN CASH		2,478	(70,975)	21,721
CASH AT BEGINNING OF THE YEAR		92,392	163,367	141,646
CASH AT THE END OF THE YEAR	5	P 94,870	P 92,392	P 163,367

See notes to financial statements.

Note 1 - CORPORATE INFORMATION

1.1 Incorporation

The Company was incorporated as San Jose Oil Company, Inc. on September 17, 1954 and was listed in the Philippine Stock Exchange (PSE) on May 4, 1964 as an oil exploration company. In 1996, the Company was reorganized into a corporate vehicle that will pursue infrastructure-related investments and was renamed Fil-Estate Corporation (the Company) although oil exploration is still part of its secondary purposes. On September 9, 2004, the Philippines Securities and Exchange Commission (SEC) approved the extension of the Company's corporate life for another 50 years or 2054.

The Company is 87.885% owned by Fil-Estate Management, Inc. (FEMI), the Parent company. The principal activity of the Company is the holding of 4,278,511 shares or 18.6% interest in Metro Rail Transit Holdings, Inc. (MRTHI) and 24,034,840 shares or 12.6% interest in Metro Rail Transit Holdings II, Inc. (MRTH II). MRTHI has 84.9% interest in MRTH II which wholly owns Metro Rail Transit Corporation (MRTC). MRTHI, MRTH II, MRTC, and Monumento Rail Transit Corporation (Monumento Rail) are collectively referred to as the Metro Rail Transit (MRT) Companies. The earnings of the MRT Companies are derived from lease financing income relating to equity rentals received from the Department of Transportation and Communication (DOTC) as defined in the Build, Lease and Transfer (BLT) Agreement.

Notwithstanding the sale of future share distributions as discussed in *Note 7.1*, the Company continues to hold on to the legal rights over the shares of stock in MRTHI and MRTH II.

On May 18, 2014, the Securities and Exchange Commission (SEC) approved the amendment of the Articles of Incorporation and by-laws of the Company, changing its corporate name to Metro Global Holdings Corporation. The amendments are to re-align two other existing companies namely; Metro Countrywide Corporation and Metro Countrywide Holdings, Inc. under the umbrella of Metro Global Holdings Corporation and identify the group with the common name "Metro". The Company is likewise a substantial shareholder of Metro Rail Transit Holdings, Inc. and Metro Rail Transit Holdings II, Inc.

The Company registered office address is located at Mezzanine Floor, Renaissance Centre, Meralco Avenue, Pasig City. The Company has not employed any employee in 2014 and 2013.

1.2 Approval of Financial Statements

The financial statements of the Company for the year ended December 31, 2014 (including the comparatives for the year ended December 31, 2013) were authorized for issue by the Board of Directors on April 12, 2018. The Board of Directors is empowered to make revisions after the date of issue.

Note 2 – STATUS OF OPERATION AND MANAGEMENT PLAN

Status of operation

The Company incurred net losses amounting to P193,014,437 and P71,793,228 in 2014 and 2013, respectively, with capital deficiency amounting to P33,931,344 and P39,607,790 as at December 31, 2014 and 2013, respectively. The trading of the Company's shares of stock at the PSE has also been voluntarily suspended since March 20, 2007. The Company continues to obtain support from FEMI and the management has undertaken steps to improve financial performance by agreeing to proposed equity infusions in the Company which are expected to provide significant revenues to the Company. In addition, since the Company continues to hold legal rights over the shares of MRTHI, MRTHII and MRTC, the Company expects that its residual interest over these shares upon final liquidation of these companies or expiration of the BLT agreement would provide significant cash inflows to the Company. FEMI, in its letter of support to the Company, committed not to demand payment of the amount due from the Company not covered by the "Letter of Agreement" as discussed in Note 7.1, until such time that the Company has the ability to pay.

The BOD approved the recommendation of management to re-align the other businesses of the Company by spinning off these businesses to new companies or to existing companies affiliated with the Company so that the Company can focus on its core business of infrastructure.

Equity Infusion
On March 19, 2007, the Company accepted the proposal of FEMI to infuse its 30.0% equity ownership in Camp John Hay Development Corporation (CJH) in exchange for up to 450.0 million shares of the Company at P1.0 par value, subject to the approval of the SEC.

On September 11, 2007, the Company signed a Deed of Assignment transferring the 30.0% equity ownership of FEMI in CJH in exchange for 450.0 million shares of the Company at P1.0 par value subject to the approval of the Bases Conversion Development Authority (BCDA). The Deed of Assignment by FEMI of its equity interest in CJH in favor of the Company was signed in 2007 in conjunction with CJH's active discussions with certain property developers and business process outsourcing (BPO) operators who intend to invest in the CJH area. The expansion of the CJH tourism and leisure complex in the northern resort destination of Baguio City will involve about 19 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 CJH 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 BCDA 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 CJH 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.

Rescission of Restructured MOA with BCDA. On January 9, 2012, CJH rescinded the Restructured Memorandum of Agreement it entered into with BCDA on July 1, 2008, due to BCDA's continuing inability to make good its one-stop-shop 30-day permit issuance guaranty. CJH subsequently filed a directly related 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 at assisting CJH and BCDA in amicably resolving the dispute.

On April 12, 2012, the Board of Directors (BOD) approved the deferment of assignment, transfer and conveyance in favor of the Company of FEMI's 30.0% equity in CJH until the resolution of the dispute between CJH and BCDA.

Cancellation of equity infusion. In view of the PDRCI decision, the Board of Directors approved to cancel the proposed transaction of FEMI to infuse its 30.0% equity in CJH in exchange for equity shares of the Company. The cancellation was also in line with the Company's plan to focus on its core business of infrastructure.

Conversion of liabilities to equity

SEC approval of conversion of P800M advances. 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 P1.0 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 for conversion was further increased to P800.0 million as subsequently approved by the BOD on April 12, 2012.

On December 16, 2013, the SEC approved the conversion of portion of the Company's liabilities to FEMI amounting to P800.0 million, into equity shares totaling 800.0 million shares at P1.0 par value.

SEC approval of conversion of P200,150,000 advances. On May 6, 2014, the BOD approved the request of FEMI to increase its shareholdings and further reduce its receivables from the Company through the conversion into equity of portion of its receivables amounting to P200,150,000, equivalent to 200,150,000 shares at P1.00 par value.

On September 4, 2014, the SEC approved the conversion of portion of the Company's liabilities to FEMI amounting to P200.15 million, into equity shares equivalent to 200,150,000 shares at P1.00 par value. With the additional subscription of FEMI, FEMI's total shareholdings in the Company stands at 87.885% as of December 31, 2014.

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 in exchange for 500.0 million shares of the Company at P1.0 par value. MZMI is a 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.

Consistent with the new business directions of the Company, the BOD approved to cancel the implementation of the proposed plan of FEMI to assign properties of Mt. Zion Memorial Inc. (MZMI), worth P500 million in exchange for 500,000,000 shares of the Company at P1.00 per share.

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. The cooperation has the following objectives: (i) explore solutions that will enable the expansion of the MRT 3 system through financially and legally viable means, and (ii) to transfer the interests of the Fil-Estate Companies in the MRT Companies, subject to obtaining the necessary consents from the relevant parties. 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 Companies *(Note 9.1)*. The completion and consummation of the transaction contemplated by the parties is subject to certain conditions, which as at December 7, 2014, has not yet occurred. As such, MPIC and Fil-Estate Companies are still in the process of discussing possible scenarios on how to implement the transactions contemplated by the parties when they entered into the Cooperation Agreement.

A total of P350M in advances has been received from MPIC in year 2010. *(See Note 9.1)*

New Strategic Partner
The Company is currently in serious discussions with a possible foreign strategic partner to focus on the infrastructure business of the Company. The Company engaged the services of Arch Advisory to act as lead financial advisor.

Settlement Agreement
On December 17, 2014, the Company, together with all the shareholders of Monumento Rail, Transit Corp., entered into a Settlement Agreement with Metro Rail Transit Development Corporation (MRTDEVCO) and companies who are parties to a Vested Rights Agreement dated May 22, 1995, whereby MRTDEVCO agreed to assign to parties of the Vested Rights Agreement the development rights to specific developable areas of the 16 hectares Depot in North Triangle corner EDSA, North Avenue and Mindanao Avenue. The assignment of development rights however, are conditioned on the assumption of the assignees of the obligation to pay the respective share in the gross receipts of the lease or sub-lease interests in the depot to shareholders of Monumento Rail Transit Corp. (Monumento Rail) arising from the developments in the Depot in accordance with the Deed of Assignment of Development Rights of June 16, 1995 between Metro Rail Transit Corp. Ltd. (MRTCL) and MRTDEVCO, the Assignment and Assumption Agreement of December 18, 2000 between MRTCL and the Company, and the Deed of assignment between MRTDEVCO to NTDCC on February 21, 2002. *(See Note 8)*

As one of the stockholders of Monumento Rail, the Company is entitled to receive 28.47% of the lease income termed "Depot Royalties" computed at 5% of the gross receipts of the rental income from 8.3 ha commercial center and 5% of the gross proceeds of sale or leases on improvements constructed on the 4.6 ha lot pads less management fees and general and administrative expenses relative to the leased areas under the Development Rights Assignment. *(See Note 8)*

Proposal to Department of Transportation and Communications (DOTC)
On December 19, 2014, the Company presented to the Department of Transportation and Communication (DOTC) its proposal for a Fast Track Rehabilitation of the MRT-3 system as a substantial shareholder of Metro Rail Transit Corporation (MRTC), owner of the MRT-3 System. The proposal, included among others, the total rehabilitation of the MRT-3 rail system and of the existing 73 rail cars, and the acquisition of new rail cars, at no cost to the government.

The Company intends to undertake the Fast Track Rehabilitation and Capacity Expansion proposals together with its new foreign strategic partners as well as local partners.

As of reporting date, the DOTC is still evaluating the Company's proposals.

Note 3 – BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in 2014 and 2013.

3.1 Presentation of Financial Statements

Presentation

These financial statements are presented in Philippine Peso (₱), the Company's functional currency, and all values are rounded to the nearest peso except when otherwise indicated.

Assets and liabilities are presented in the Statement of Financial Position in a current and non-current distinction and in order of liquidity.

The Statement of Comprehensive Income presents an analysis of expenses using a classification based on their functions.

3.2 Statement of Compliance

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

3.3 Basis of Measurement

These financial statements have been prepared on a historical basis, except for the quoted equity securities included under available-for-sale (AFS) financial assets, which have been carried at fair value. The Company's financial statements have been prepared on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business.

3.4 Use of judgements and estimates

The preparation of the Company's financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, 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 Philippine Peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the revenue, costs and expenses of the

Company.

Classification of Financial Instruments

The Company classifies a financial instrument, or its components, on initial recognition as a financial asset, liability or equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, liability or equity instrument.

The substance of a financial instrument, rather than its legal form, governs its classification in the Statement of Financial Position.

Financial assets are classified as financial assets at FVPL, AFS financial assets and loans and receivables. Financial liabilities, on the other hand, are classified as financial liabilities at FVPL and other financial liabilities.

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

The Company's financial instruments include receivables, investment in Associates, AFS and other financial liabilities. (*See Notes 5, 6 and 9*)

Investment in Redeemable Preferred Shares in Associate

The Company's investment in the redeemable preferred shares of its associate was classified by the issuer, Monumento Rail Transit Corporation, as equity upon issuance. The Redemption Price of the shares redeemed on August 22, 2006 was determined to be at par value of P.05 per share which is the price per share upon redemption. In accordance with the Articles of Incorporation of the issuer, the holder of the redeemable preferred shares is given the privilege of a right to receive Depot Royalty pro-rata to the percentage of shareholdings of redeemable shares held by each shareholder of record thereof as of August 22, 2006. *(see Note 9)*

Determination of Fair Value of Financial Assets and Financial Liabilities

Where the fair value of financial assets and 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 judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Determination of Fair Value of Available-for-sale Financial Assets - Not Quoted in an Active Market

The Company determines whether a reliable measure of fair value is available for equity investments not quoted in an active market. If 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 are there any expected future cash flows in view of the sale of future distributions as discussed in *Note 7.1* and that the investments, pursuant to the "Letter of Agreement" as also discussed in *Note 7.1,* will be used to settle the Company's liability to FEMI.

The fair values of financial assets amount to P1,538.1M and P1,722.83M as at December 31, 2014 and 2013, respectively *(see Note 7.1)*.

The fair value of financial liabilities amounted to P1,180.73M and P1,363.99M as at December 31, 2014 and 2013, respectively *(see Note 9)*.

Management believes that the carrying value 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".

As at December 16, 2013, liability to FEMI amounting to P800M was converted to equity, resulting to an outstanding liability amounting to P1,030M while the carrying value of the unquoted equity securities remained at P1,763.7M as at December 31, 2013. Still applying the deposits received from MPIC amounting to P350M as discussed in Note 9.2 and the advances received from MRTHI and MRTH II in prior years to be applied against future dividends amounting to P333.5M as discussed in Note 16.2, there is an indication of impairment. As result, the Company recognized an impairment loss of P49.71M in 2013.

As at December 31, 2014, liability to FEMI amounted to P847M, while the carrying value of the unquoted equity securities amount to P1,714M. Still applying the P350M deposits received from MPIC and the P333.5M advances received from MRTHI and MRTH II in prior years to be applied against future dividends, there is again an indication of impairment. As a result, the Company recognized an impairment loss of P183M in 2014 *(see Notes 7.1 and 10.2)*

Determination of Impairment of Available-for-sale Financial Assets – Quoted in an Active Market

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 when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows, or 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.

There was no impairment for quoted equity securities in 2013. The carrying value of quoted equity securities amounted to P8.8M as at December 31, 2013. *(see Note 7)*.

Key Sources of Estimation Uncertainty

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty 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.

Realizable Amount of Deferred Tax Assets and Liabilities
Significant management judgment is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Unrecognized deferred tax assets as at December 31, 2014 and 2013 amount to P83.16M and P45.2M, respectively *(see Note 12.1)*

3.5 Changes in Accounting Policies

The Company changes an accounting policy only if the change is (a) required by a Standard or an Interpretation; or (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the Company's financial position, financial performance or cash flows.

Impact of New Amendments and Interpretations to Existing Standards

There are new and revised accounting standards, amendments and interpretations to existing standards that have been published by IASB and adopted by FRSC which are mandatory for accounting periods on or after January 1, 2014. Except as otherwise stated, the adoption of the new standards, amendments and interpretations, did not have a significant effect on the Company's financial statements. These standards are as follows:

Effective in 2014

- PFRS 10, PFRS 12 and PAS 27, *Investment Entities.* They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These exceptions are not relevant to the Company.

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions.* The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the re measurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendment is not applicable to the Company.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities.* These amendments to PAS 32 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.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Nonfinancial Assets.* These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units for which impairment loss has been recognized or reversed during the period.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting.* These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendment is not applicable to the Company.

- Philippine Interpretation IFRIC 21, *Levies* clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The interpretation is not applicable to the Company.

- Annual Improvements to PFRSs (2010–2012 Cycle)

  The Annual Improvements to PFRSs (2010–2012 Cycle) contain non-urgent but necessary amendments to PFRSs. The Company adopted these amendments for the current year except as otherwise stated.

  - PFRS 2, *Share-based Payment - Definition of Vesting Condition.* The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. The amendment is not relevant to the Company.

  - PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination.* The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted). These amendments are not relevant to the Company.

  - PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets.* The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are not relevant to the Company.

  - PAS 16, *Property, Plant and Equipment - Revaluation Method – Proportionate Restatement of Accumulated Depreciation.* The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways

    a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.

b) The accumulated depreciation is eliminated against the gross carrying amount of the asset.

The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment does not have any significant impact on the Company's financial position or performance. The amendment is not applicable to the Company.

- PAS 24, *Related Party Disclosures - Key Management Personnel.* The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity.

- PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization.* The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.

  b) The accumulated amortization is eliminated against the gross carrying amount of the asset. The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard.

  The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment is not applicable to the Company.

- Annual Improvements to PFRS (2011–2013 Cycle)

  - PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements.* The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. These amendments are not relevant to the Company.

  - PFRS 13, *Fair Value Measurement - Portfolio Exception.* The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts.

- PAS 40, *Investment Property.* The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. The amendment is not applicable to the Company.

Future Changes in Accounting Policies

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

Effective in 2016

- Annual Improvements to PFRS 2012–2014 Cycle

  - PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations- Changes in methods of disposal.* The amendment adds specific guidance in PFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued. The amendment is not applicable to the Company.

  - PFRS 7 and PFRS 1, Servicing contracts and Applicability of the amendments to PFRS 7 to condensed interim financial statements. The amendment adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. This results to consequential amendments to PFRS 1. As consequence of this amendments, it also clarifies the applicability of the amendments to PFRS 7 on offsetting disclosures to condensed interim financial statements. The amendment is not relevant to the Company.

  - PAS 19, Employee Benefits- Discount rate: regional market issue. The amendment clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level). The amendment is not applicable to the Company.

  - PAS 34, *Interim Financial Reporting-Disclosure of information 'elsewhere in the interim financial report'.* The amendment clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference.

- PFRS 11 Joint Arrangements, *Amendments regarding the accounting for acquisitions of an interest in a joint operation.* These amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business, as defined in PFRS 3, is required to apply all of the principles on business combinations accounting in PFRS 3 and other PFRSs with the exception of those principles that conflict with the guidance in PFRS 11.

- PFRS 14, *Regulatory Deferral Accounts.* This Standard is intended to allow entities that are first-time adopters of PFRS, and that currently recognize regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to PFRS.

  Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. This standard requires disclosures on the nature of, and risks associated with, the entity's rate regulation and the effects of that rate regulation on its financial statements.

The Standard can be applied in an entity's first annual PFRS financial statements retrospectively for periods beginning on or after 1 January 2016. Earlier application is permitted. Application of the standard is voluntary. However, an entity that elects to apply the standard in its first PFRS financial statements continues to apply it in all its subsequent financial statements. The standard is not applicable to the Company.

- PAS 16 and PAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization.* The amendments provide additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. It explains that expected future reductions in selling prices could be indicative of a higher rate of consumption of the future economic benefits embodied in an asset.

  Amendments to PAS 16, Property, Plant and Equipment

  The requirements of PAS 16 are amended to clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. This is because such methods reflect a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an asset's expected future economic benefits.

  Amendments to PAS 38, Intangible Assets

  The requirements of PAS 38 are amended to introduce a rebuttable presumption that a revenue-based amortization method for intangible assets is inappropriate for the same reasons as in IAS 16. However, there are limited circumstances when the presumption can be overcome:

  - The intangible asset is expressed as a measure of revenue (the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold); and
  - it can be demonstrated that revenue and the consumption of economic benefits of the intangible asset are highly correlated (the consumption of the intangible asset is directly linked to the revenue generated from using the asset).

  These amendments are not relevant to the Company.

- PAS 27, *Separate Financial Statements (as amended in 2011)-Amendments reinstating the equity method as an accounting option for investments in in subsidiaries, joint ventures and associates in an entity's separate financial statements*. These amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements as follows:

  - at cost,
  - in accordance with PFRS 9 Financial Instruments (or PAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted PFRS 9),
  - or using the equity method as described in IAS 28 Investments in Associates and Joint Ventures.

  The accounting option must be applied by category of investments. The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

  In addition to the amendments to PAS 27, there are consequential amendments to PAS 28 to avoid a potential conflict with PFRS 10 Consolidated Financial Statements and to PFRS 1 First-time Adoption of International Financial Reporting Standards.

  The amendments are effective for annual periods beginning on or after 1 January 2016.

Earlier application is permitted. The amendments are to be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments are not relevant to the Company.

- PAS 41 and PAS 16 -*Amendments bringing bearer plants into the scope of PAS 16.* These amendments bring bearer plants, which are used solely to grow produce, into the scope of PAS 16 so that they are accounted for in the same way as property, plant and equipment. Definition of a 'bearer plant' is introduced into both standards. A bearer plant is defined as "a living plant that is used in the production or supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales."

  The scope sections of both standards are then amended to clarify that biological assets except for bearer plants are accounted for under PAS 41 while bearer plants are accounted for under PAS 16. Amendments also clarify that produce growing on bearer plants continues to be accounted for under IAS 41 and that government grants related to bearer plants no longer fall into the scope of PAS 41 but need to be accounted for under PAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

  On the initial application of the amendments, entities are permitted to use the fair value of items of bearer plant as their deemed cost as at the beginning of the earliest period presented. Also, an entity need not disclose the quantitative information required by paragraph 28(f) of PAS 8 for the current period. However, entities are required to provide these disclosures for each prior period presented. These amendments are not relevant to the Company.

Effective in 2018

- IFRS 15, *Revenue from Contracts with Customers*. This standard will supersede PAS 18 '*Revenue*', PAS 11 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for all PFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. It also provides a model for the recognition and measurement of sales of some non-financial assets including disposals of property, equipment and intangible assets.

  The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

  This new standard provides a single, principles based five-step model to be applied to all contracts with customers. The five steps are: Identify the contract with the customer, Identify the performance obligations in the contract, Determine the transaction price, Allocate the transaction price to the performance obligations in the contracts, and Recognise revenue when (or as) the entity satisfies a performance obligation. For each step of the model, the standard requires entities to exercise judgement and to consider all relevant facts and circumstances when applying the model to contracts with their customers.

  In addition to the five-step model, the standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

  On 28 May 2014, the IASB issued IFRS 15 with an effective date of 1 January 2017 with earlier application permitted. On September 11, 2015, amendments were issued changing the mandatory effective date of IFRS 15 from annual periods beginning on or after 1 January 2017 to annual periods beginning on or after 1 January 2018. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

- PFRS 9 *Financial Instruments -Finalized version, incorporating requirements for* *classification and measurement, impairment, general hedge accounting and derecognition.*

Historical Background
The original version PFRS 9 was issued in 2009 which covers the new classification and measurement model of financial assets followed by requirements for financial liabilities and derecognition added in 2010. In 2011, amendments to the standard was issued in deferring the effectivity date of both versions, which is January 1, 2013, to January 1, 2015. However, in 2013, amendments were issued to introduce the new hedge accounting model and removed the mandatory effective date for PFRS 9 which will be set once the standard is complete with a new impairment model and finalization of any limited amendments to classification and measurement.

Finalization of the PFRS 9
On July 1, 2014, finalized version of PFRS 9 'Financial Instruments' was issued in order to bring together the classification and measurement, impairment and hedge accounting to replace PAS 39 'Financial Instruments: Recognition and Measurement'. This finalized version of PFRS 9 adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVTOCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

- Expected loss impairment model

  The impairment model in PFRS 9 is based on the concept of providing for expected losses at inception of a contract, except in the case of purchased or originated credit-impaired financial assets, where expected credit losses are incorporated into the effective interest rate.

- Limited amendments to classification and measurement of financial assets

  The final version of PFRS 9 introduces a new classification and measurement category of

  FVTOCI for debt instruments that meet the following two conditions:

  Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

  Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Additional guidance

  The final Standard also adds guidance on how to determine whether financial assets are held under a business model that is 'hold to collect' or 'hold to collect and sell' with examples and explanations of the types and levels of sales that are acceptable for such business models.

  In addition to guidance on the business model test, the Standard adds guidance on the contractual cash flow characteristics test to clarify that in basic lending arrangements the most significant elements of interest are consideration for the time value of money and credit risk. If the time value of money element is modified (e.g. interest rate resets every month to a one-year rate), an entity is required to assess the modified element against new criteria introduced by the amendment.

The application guidance also introduces an additional exception that allows certain additional prepayment features to meet the contractual cash flow characteristics requirements to qualify for amortized cost or FVTOCI measurement.

The final versions amendments PFRS 9 have no significant effect on the Company's financial statements.

With No Mandatory Effective Dates

PFRS 10 and PAS 28, *Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture.* These amendments address a conflict between the requirements of PAS 28 'Investments in Associates and Joint Ventures' and PFRS 10 'Consolidated Financial Statements' and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

This amendments to standards was previously effective on a prospective basis to transactions occurring in annual periods beginning on or after 1 January 2016 but deferred indefinitely on December 17, 2015.

These amendments are not applicable to the Company.

Note 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are summarized below. The policies have been consistently applied to all years presented unless otherwise stated.

4.1 Financial instruments

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. In the case of a regular way purchase or sale of financial assets, recognition and de-recognition, as applicable, is done using settlement date accounting. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

Initial recognition of financial instruments

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss, includes transaction cost.

Subsequent to initial recognition, the Company classifies its financial instruments in the following categories: loans and receivables, AFS financial assets, and other financial liabilities. The classification depends on the purpose for which the instruments are acquired and as liabilities were incurred or whether they are quoted in an active market. Management determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates this classification at reporting date.

Determination of fair value

The fair value for financial instruments traded in active markets at the 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 transaction costs. When current bid and ask 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 significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models.

'Day 1' Profit

Where the transaction price in a non-active market is different to the fair value from 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' profit) in the Company's Statement of Comprehensive Income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the Company's Statement of Comprehensive Income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' profit amount.

Financial Assets and Financial Liabilities

This category consists of financial assets or financial liabilities that are held for trading or designated by management as at FVPL on initial recognition. Derivatives instruments, except those covered by hedge accounting relationships, are classified under this category.

Financial assets or financial liabilities classified in this category are designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or

- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or

- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at FVPL are recorded in the Statement of Financial Position at fair value, with changes in the fair value recorded in the Company's Statement of Comprehensive Income. Interest earned or incurred is recorded in investment income or interest expense, respectively, while dividend income is recorded when shareholders' right to receive the payment has been established under the investment income account.

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 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.

Financial Assets

Financial assets include cash and other financial instruments. Financial assets, other than hedging instruments, are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

The foregoing categories of financial instruments are more fully described below.

The Company has no financial assets designated at FVPL, HTM investments and derivatives designated as hedging instrument as at December 31, 2014 and 2013.

(a) 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 classified as financial assets held for trading designated as AFS investments or designated at FVPL. This accounting policy relates to the statement of financial position captions 'cash' that comprises cash held in banks. Loans and receivables are classified as current when these are expected to be realized within one (1) year after the end of each reporting period or within AMIC's normal operating cycle, whichever is longer. All others are classified as non-current.

After initial measurement, receivables are subsequently measured at amortized cost using the effective interest rate (EIR) method, less allowance for impairment losses. Amortized costs is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR.

(b) Available-for-sale Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are presented as Available for Sale Financial Assets account in the Statement of Financial Position.

All financial assets within this category are subsequently measured at fair value, unless otherwise disclosed, with changes in value recognized in equity, net of any effects arising from income taxes. Gains and losses arising from securities classified as available-for-sale are recognized in the Statement of Comprehensive Income when they are sold or when the investment is impaired. In the case of impairment, the cumulative loss previously recognized directly in equity is transferred to the Statement of Comprehensive Income.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment) and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to the Statement of Comprehensive Income. Reversals in respect of equity instrument classified as available-for-sale are not recognized in profit. Reversal of impairment losses on debt instrument are recognized in the Statement of Comprehensive Income if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the Statement of Comprehensive Income.

Impairment losses recognized on financial assets are presented as part of Other Expenses in the Statement of Comprehensive Income.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange-quoted market bid prices at the close of business reporting date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured. In the Statement of Comprehensive Income, all income and expenses relating to financial assets recognized in profit or loss are presented as Other Income and Finance Costs, respectively.

The Company's AFS financial asset consist of investments in quoted equity securities currently traded in the PSE and unquoted equity securities such as investments in shares of stock of MRTHI and MRTHII as of December 31, 2014 and 2013. *(See Notes 3.4 and 7)*

Impairment of Financial Assets

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

A financial asset or a 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 (or events) 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 borrower or a group of borrowers 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 measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Derecognition of Financial Assets

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

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

Where the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that had been recognized directly in equity shall be recognized in Statement of Comprehensive Income.

Financial Liabilities

Financial liabilities include interest-bearing loans and borrowing, trade and other payables and finance lease liabilities, due to related parties and other non-current liabilities, which are measured at amortized cost using the effective interest rate method.

Financial liabilities are recognized when the Company becomes a party to the contractual agreements of the instrument. All interest-related charges are recognized as an expense in the Statement of Comprehensive Income under the caption Finance Costs. Interest-bearing loans and borrowings are raised for support of long-term funding of operations. They are recognized at proceeds received, net of direct issue costs.

Initial recognition of Financial Liabilities

Financial liabilities are initially recognized at their fair value and subsequently measured at amortized cost less settlement payments, except when these are payable within one year in which case they are stated at their nominal values. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Any effects of restatement of foreign currency-denominated liabilities are recognized in the Company Statement of Comprehensive Income.

Dividend distributions to shareholders are recognized as financial liabilities when the dividends are approved by the shareholders.

Initial recognition of Financial Liabilities

Financial liabilities are initially recognized at their fair value and subsequently measured at amortized cost less settlement payments. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Any effects of restatement of foreign currency-denominated liabilities are recognized in the Company's Statement of Comprehensive Income.

Dividend distributions to shareholders are recognized as financial liabilities when the dividends are approved by the shareholders.

Derecognition of Financial Liabilities

Financial liabilities are derecognized from the Statement of Financial Position only when the obligations are extinguished either through discharge, cancellation or expiration. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Company's Statement of Comprehensive Income.

Other Financial Liabilities

Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They arise when the Company owes money, goods or services directly to a creditor with no intention of trading the payables. Other liabilities are carried at cost or amortized cost in the Statement of Financial Position. Amortization is determined using the effective interest rate method. Other liabilities are included in current liabilities if maturity is within 12 months from the reporting date and will form part of non-current liabilities if beyond 12 months.

The Company's other financial liabilities include Accrued expenses, subscription payable and other payables. Accrued expenses and other payables includes deposits received from MPIC in consideration from the Cooperation Agreement. *(See Note 9)*

4.2 Investment in Associate

Significant influence and use of equity method
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. The existence of significant influence of the Company is evidenced by the following: representation on the board of directors, participation in the policy-making process, managerial personnel and material transaction between the two companies.

Initial and subsequent recognition
Under the equity method, the investment is initially carried at cost and is subsequently adjusted to reflect its share in Monumento Rail's net profit or loss. Other adjustments to its carrying amount include distributions received from Monument Rail and those arising from changes in Monumento Rail's other comprehensive income not included in its profit or loss such as revaluations.

Presentation
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, distributions received 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 interests in the subsidiaries of the associate.

Date of associate's financial statements and accounting policies
In applying the equity method, the Company uses the financial statements of the associate as of the same date as its financial statements unless it is impracticable to do so. If it is impracticable, the most recent available financial statements of its associate is used, with adjustments made for the effects of any significant transactions or events occurring between the accounting period ends. However, the difference between the reporting date of the associate and that of the Company is not longer than three months. Monumento Rail's accounting policies are the same as that of the Company's.

Derecognition
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.

Share in losses in excess of investment
If the Company's share of losses in Monumento Rail equals or exceeds its interest in Monumentor Rail, the Company discontinues recognising its share of further losses. The

Company's interest in Monumento Rail is the carrying amount of its investment in Monumento Rail under the equity method together with any long-term interests that, in substance, form part of its net investment in Monumento Rail. After its interest is reduced to zero, additional losses are recognised by a provision (liability) only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of Monumento Rail. If Monumento Rail subsequently reports profits, the Company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. *(See Note 8)*

4.3 Impairment of Non-Financial Assets

The Company's Non-financial assets are subject to impairment testing. Intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separate identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal evaluation of discounted cash flow. Impairment loss is charged pro-rata to the other assets in the cash-generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

4.4 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, where time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements.

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

4.5 Revenue, Other Income and Expense Recognition

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

Other Income
1. *Interest* – Revenue is recognized as interest accrues (taking into account the effective yield on the asset).
2. *Share in net profit of associate* – Revenue is recognized on the basis of its proportionate ownership interest.
3. *Realized gain on foreign exchange* – Foreign exchange gain is the difference resulting from exchange differences arising on the settlement of monetary items.

Cost and Expense Recognition
Costs and expenses are recognized in the Statement of Comprehensive Income upon utilization of the service or at the date they are incurred. Except for borrowing costs attributable to qualifying assets, all finance costs are reported on an accrual basis. Cost and Expenses are presented as Other Expense *(Note 10.2)* and General and Administrative Expenses *(Note 11)* in the Statements of Comprehensive Income.

4.6 Functional Currency and Foreign Currency Transactions

(a) Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Philippine pesos, which is the Company's functional and presentation currency.

(b) Transactions and Balances

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Comprehensive Income.

The Effects of Changes in Foreign Exchange Rates
Provides certain restrictions in allowing the capitalization of foreign exchange differentials. Under prevailing circumstances, the adoption will not have a material effect on the Company's financial position, results of operations and cash flows in year 2014 and 2013 since the Company does not have foreign currency transactions.

4.7 Impairment of Non-financial Assets

The Company's investments in intangible assets and, property and equipment are subject to impairment testing. Intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal evaluation of discounted cash flow. Impairment loss is charged pro-rata to the other assets in the cash-generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

4.8 Related Party Transactions

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

Related party relationships are a normal feature of commerce and business. The Company sometimes grants/secures interest-bearing and non-interest-bearing advances to/from its affiliates and/or shareholders. Interest-bearing advances are covered by promissory notes renewable annually. Advances to affiliates and/or shareholders are presented as part of Loans and Receivables in the Company's Statement of Financial Condition. Interest-bearing advances from an affiliate and/or shareholder are presented as part of Notes Payable in the Statement of Financial Position.

Transactions between related parties are accounted for at arm's-length prices or on terms similar to those offered to non-related entities in an economically compatible market. *(See Note 16)*

4.9 Income Taxes

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the Statement of Comprehensive Income.

Deferred tax is provided, using the balance sheet liability method on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. *(See Note 12)*

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences,

carry forward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused tax losses from net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward benefits of unused tax credits from excess MCIT over RCIT and unused tax losses from NOLCO can be utilized. Deferred tax assets and liabilities are 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 transaction, affects neither the accounting profit nor taxable profit or loss under the balance sheet liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred income tax asset can be utilized.
The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and 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 substantively enacted at the reporting date.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in subsidiaries and affiliates.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the Statement of Comprehensive Income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

At each reporting date, management re-assesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

4.10 Loss per Share

Loss per share is computed by dividing the net loss for the year attributable to equity holders of the Company by the weighted average number of ordinary shares issued and outstanding during the year after considering the retroactive effect, if any, of stock dividends declared during the year, excluding treasury shares. *(See Note 13)*

Diluted earnings per share is calculated by dividing the net income or loss for the year by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares and adjusted for the effects of all dilutive potential common shares, if any.

In determining both the basic and diluted earnings per share, the effect of stock dividends, if any, is accounted for retroactively.

4.11 Equity

Capital stock is determined using the nominal value of shares that have been issued. *(See Note 14)*

Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits. Treasury shares are stated at the cost of reacquiring such shares.

Unrealized gain/loss includes all changes in market value of the Available-for-sale Financial Assets that are taken directly to the equity. *(See Note 7)*

Retained earnings include all current and prior period results as disclosed in the statement of income.

Prior Period Adjustments

Errors can arise in respect of the recognition, measurement, presentation or disclosure of elements of financial statements. Potential current period errors discovered in that period are corrected before the financial statements are authorized for issue. However, material errors are sometimes not discovered until a subsequent period, and these prior period errors are corrected in the comparative information presented in the financial statements for that subsequent period.

The Company corrects a prior period error by retrospective restatement except when it is impracticable to determine either the period-specific effects or the cumulative effect of the error. When it is impracticable to determine the period-specific effects of the error on comparative information for one or more prior periods presented, the restatement of the opening balances of assets, liabilities and equity shall be made for the earliest period for which retrospective restatement is practicable. When it is impracticable to determine the cumulative effect, at the beginning of the current period, of an error on all prior periods, restatement of the comparative information to correct the error prospectively shall be made from the earliest date practicable.

4.12 Business Segments

The Company's operating business 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.

4.13 Events after the Reporting Date

Events after the reporting date are those events, favorable and unfavorable, that occur between the reporting date and the date when the financial statements are authorized for issue.

The Company adjusts the amounts recognized in the financial statements to reflect adjusting events after the reporting date. Non-adjusting events are not recognized in the financial statements but are disclosed in the Notes to Financial Statements. *(See Note 20)*

Note 5 – CASH

The Company recognized cash in bank amounting to P94,870 and P92,392 as at December 31, 2014 and 2013, respectively.

Cash accounts with banks generally earn interest at rates based on daily bank deposit rates. Interest income amounts to P304 in 2014, P310 in 2013 and P368 in 2012 presented as part of

Other Income in the Statement of Comprehensive Income *(see Note 10.1)*. The Company recognized foreign exchange gain in USD-denominated bank account amounts to P142 in 2014, Pnil in 2013 and Pnil in 2012 *(see Note 10.1)*.

Note 6 – OTHER RECEIVABLES

This account is composed of the following:

	2014	2013
Advances to MRTHI	P 1,649,110	P -
Receivable from Monumento Rail	901,471	-
	P 2,550,581	P -

Advances to MRTHI pertains to expenses relating to meetings with prospective investors in 2014. *(See Note 16)*

Receivable from Monumento Rail pertains to settlement of the redemption price for the preferred shares redeemed. *(See Note 8)*

Note 7 – AVAILABLE-FOR-SALE FINANCIAL ASSETS

This account is composed of the following:

	2014	2013
Unquoted equity securities *(Note 7.1)*	P 1,530,727,000	P 1,713,991,741
Quoted equity securities *(Note 7.2)*	7,374,871	8,833,988
	P 1,538,101,871	P 1,722,825,729

7.1 Unquoted equity securities

Details of investments in MRTHI and MRTHII as at December 31, 2014 and 2013 as follow:

	2014	2013
Acquisition cost	P 3,331,144,116	P 3,331,144,116
Balance at beginning of year	P 1,713,991,741	P 1,763,697,240
Less: Impairment loss *(Note 10.2)*	(183,264,741)	(49,705,499)
Balance at end of year	P 1,530,727,000	P 1,713,991,741

The Company's ownership interests as at December 31, 2014 and 2013 in MRTHI and MRTHII are as follow:

Investee	Interest	Indirect Interest	Effective Interest	Nature of Business
MRTHI	18.6%	-	18.6%	Holding Company
MRTHII	12.6%	15.80%	28.4%	Holding Company

MRTHI
MRTHI has 84.9% interest in MRTH II.

MRTHII
MRTHII wholly owns MRTC, which was awarded by the Philippine Government (Government), acting through the DOTC, the BLT Agreement to build, lease, and transfer a 16.9-kilometer rail transit system in Metro Manila, known as LRTS Phase I, with a right to submit a bid for the Monumento Extension (LRTS Phase II) and the Makati Loop. *(See Note 2)*

Sale of Future Share Distributions

In 2002, the Company and other participating shareholders of MRTHI and II (collectively referred to as the 'Sellers', entered into Sale Agreements (Agreements) with TBS Kappitel Corporation Pte Ltd (TBS Kappitel). Under the said Agreements, the Sellers sold to TBS Kappitel all future share distributions arising from the ERP of the LRTS Phase I Project of MRTC in exchange for Original Issuance Discount Bonds (OID Bonds) due in 2009 with an aggregate principal amount of US$80,630,000 issued by Asian Infrastructure Capital Corporation (Asian Infrastructure).

Asian Infrastructure and the Sellers subsequently agreed that the former shall redeem the OID Bonds held by the Sellers in full by delivering (a) US$57,678,000 in aggregate principal amount of Asset-Backed Notes ('Notes') – Tranche 1 and (b) US$22,952,000 in aggregate principal amount of the Tranche 2-A Notes, after which the Sellers would have no further claims against Asian Infrastructure and that the OID Bonds will be cancelled.

The Company also sold to TBS Kappitel all of its rights, title and interest in and the right to receive such future share distribution in MRTHI and/or MRTH II, arising from 7,577,800 shares of common stock of MRTH II acquired by the Company under the Minority Shareholder Sale Agreement, from January 15, 2002 until the final ERP Date. In consideration for the sale, the Company received the aggregate principal amount of US$3,500,000 of the Tranche 1 Notes.

The Notes were issued by MRT III Funding Corporation Limited (MRT III). Tranche 1 Notes are transferable and bear annual interest at 9.5% and are due on August 7, 2007. Tranche 2-A Notes are without interest rate coupons and are due on August 7, 2008. The Notes were used by the Company to substantially settle its debts to FEMI, a major shareholder.

The security structure of the transactions as described above is covered by several agreements that provide the link between share distributions arising from the ERP of the LRTS Phase I Project of MRTC and payments to the Noteholders. The parties involved include MRTC, MRTHI, MRTH II, TBS Kappitel, the Sellers (which include the Company), the custodian and the trustee. These agreements: (a) facilitate the timely payment of the Sellers' share of the ERP of the LRTS Phase I Project of MRTC ensuring that the right to receive their share in the ERP has been legally independent of the Sellers to the Noteholders, (b) ensure the flow of rental payments independent of the Sellers, (c) bind the Sellers to cause the timely collection of rental payments and to cause MRTC to perform its obligations, and (d) prevent the Sellers from selling their rights in MRTC for as long as the Notes are outstanding. Accordingly, the stock certificates of the Company in MRTHI and MRTH II are under the custody of a trustee and were pledged to MRT III.

MRTC accounts for the lease payments from DOTC under finance lease where lease financing income is recognized using a constant periodic rate of return on the net investment. Future share distribution sold under the Agreements pertains to the Company's share in the ERPs of the LRTS Phase 1 Project of MRTC.

Pursuant to the Coordination Agreement and Cooperation Agreement, both dated August 7, 2002, the Company and the other participating shareholders of MRTHI and MRTH II shall (a) cause MRTC to perform its obligations under its agreement with the DOTC and cause the timely collection of rental payments and (b) ensure that ERP have been remitted to MRT III bank account either by way of declaration of dividends or by way of advances against dividends.

Pursuant to the agreements above, MRTC has remitted to the MRT III bank account the ERP of the LRTS Phase I Project received from DOTC. On April 4, 2014, MRTC declared cash dividends equivalent to and to be offset against accumulated advances to shareholders representing ERP remittances to shareholders as at December 31, 2013.

With the sale of the future share distributions from ERPs of the LRTS Phase I project of MRTC, the Company does not recognize its share in earnings of MRTC arising from the ERPs of the LRTS Phase I Project.

Notwithstanding the sale of future share distributions, the Company, together with the other participating shareholders of MRTHI and MRTH II in the securitization, continues to hold on to the legal rights over the shares of stock in MRTHI and MRTH II in compliance with the various agreements related to the Notes as previously discussed, as well as the Company's obligation under the Agreement of MRTC with DOTC whereby the original shareholders of MRTHI and MRTH II are precluded from transferring their equity interest in MRTHI and MRTH II until the end of the BLT Agreement in July 2025. Accordingly, any additional variable ERP to be received by MRTHI and MRTH II through MRTC from DOTC in the future in the form of a ridership bonus or sharing scheme which were not included in the future share distributions sold and any benefits arising from the residual rights in the expansion project shall still accrue to the Company and the other shareholders.

On the basis of these potential benefits, on August 18, 2005, the Company and FEMI entered into a "Letter of Agreement", whereby FEMI has agreed to grant and granted the Company the sole option to assign to FEMI its equity interests in MRTHI and MRTH II as settlement of the Company's liabilities to FEMI amounting to P847.26M and any additional advances or interest which FEMI may charge to the Company in relation to the said advances. Under the "Letter of Agreement," should the Company opt to sell the said investments to third party or parties in the future, FEMI has the right of first refusal to purchase the said investments at its prevailing market value.

As also discussed in Note 2, on November 12, 2010, the Fil-Estate Companies entered into a Cooperation Agreement with 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 Companies. Deposits received by the Company in 2010 amounted to P350.0 million and is recorded as part of "Due to a stockholder" in the statements of financial position. Should the agreement be consummated, the deposits will form part of the total acquisition price. Otherwise, these shall be forfeited and recorded as other income. The completion and consummation of the transaction contemplated by the parties is subject to certain conditions, which as at April 15, 2016 has not yet occurred. As such, MPIC and Fil-Estate Companies are still in the process of discussing possible scenarios on how to implement the transactions contemplated by the parties when they entered into the Cooperation Agreement.

Management believes that the carrying amount of the investments in MRTHI and MRTH II, after the application of the proceeds from the sale of the share of the future share distributions as discussed above, can be realized in the future through:

a. The Company's share in any additional variable 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" discussed above.

As at December 31, 2014 and 2013, the carrying value of the investments in MRTHI and MRTHII amounted to P1,714M and P1,763.7M while the outstanding liability to FEMI amounted to P847.3M and P1,030.5M, respectively. Still applying the deposit received from MPIC amounting to P350M and the advances from MRTHI and MRTHII in prior years to be applied against future dividends amounting to P333.5M, there is an indicator of impairment. The Company recognized an impairment loss of P183.3M and P49.7M for the years 2014 and 2013, respectively *(see Note 10.2)*.

7.2 Quoted equity securities

These represent investments in equity securities listed in the Philippine Stock Exchange and classified as available-for-sale securities.
Movements in AFS financial assets consists of:

		2014		2013
Acquisition cost	P	2,565,582	P	2,565,582
Cumulative change in fair value of AFS				
Balance at beginning of year		6,268,406		8,165,669
Changes in fair value during the year		(1,459,117)		(1,897,263)
Balance at end of year		4,809,289		6,268,406
	P	7,374,871	P	8,833,988

The changes in fair value of quoted equity securities are presented as changes in fair value of available-for-sale financial assets in the Other Comprehensive Income amounting to P(1,459,117), P(1,897,263) and P190,613 in 2014 and 2013 and 2012, respectively.

Note 8 – INVESTMENT IN ASSOCIATE

The Company, through its investment in MRTHI and MRTHII, has 28.47% equity interest in Monumento Rail Transit Corporation (Monumento Rail). The Company's interest in Monumento Rail expectedly allows the Company's participation in the train system extension and additional train/vehicle procurement, in the event the Government awards the projects to MRTC, and it will continue to pursue.

Build-Lease-Transfer Agreement
Under the Build-Lease-Transfer (BLT) between the Department of Transportation and Communication (DOTC) and Metro Rail Transit Corporation, (formerly EDSA LRT Corporation), Metro Rail Transit Corporation was granted Development Rights over the 16 ha. Depot along North Avenue, Quezon City.

Development Rights Assignment
On June 16, 1995, Metro Rail Transit Corporation and MRTDC (formerly EDSA LRT Development Corporation) entered into a Deed of Assignment of Development Rights where MRTDC is obligated to pay/deliver to Metro Rail Transit Corporation the following:
(a) with respect to the improvements constructed by MRTDC on the Depot intended for sale or disposition, 5% of the gross proceeds of such sale;

(b) with respect to the improvements constructed by MRTDC on the Depot intended for lease, 5% of such leasable areas;
(c) with respect to the commercial center, 5% of the rental income from the commercial center:
(d) with respect to the improvements constructed by third party developers under a joint venture or similar arrangement, 5% share of the developer. Items (a) to (d) shall be referred to as Depot Income.

Deeds of Assignment of Reserve Rights and Reserve Obligations
By virtue of an Assignment and Assumption Agreement dated October 11, 2001, Monumento Rail, a subsidiary of Metro Rail Transit Corporation (MRTC), accepted the assignment from the latter of the Reserved Rights as follows:

(a) Develop commercial premises in the depot and the air space above the stations,
(b) Lease or sub-lease interests or assign such interests in the depot and
(c) Obtain any advertising income from the depot and such air space and LRTS Phase I,

and the assumption of the Reserved Obligation representing all the obligations, liabilities an indebtedness under the assignment of Development Rights dated June 16, 1995 between MRTC and Metro Rail Transit Dev. Corp. (DEVCO).

Reclassification of common shares into redeemable preferred shares
On February 17, 2006, the SEC approved the reclassification of a portion of the Monumento Rail's 190,000,000 issued common shares into 126,666,666 common shares and 63,333,334 common shares convertible into redeemable preferred shares.

Redemption of redeemable preferred shares
On August 22, 2006, the Board of Directors of Monumento Rail Transit Corporation (Monumento Rail) approved the redemption of the redeemable preferred shares it issued to its shareholders giving the latter a redemption privilege by assigning the former's right to receive Depot Royalty Rights pro-rata to the percentage of shareholdings held by each shareholder. On December 17, 2014, Monumento Rail and its stockholders executed the Redemption and Deeds of Assignment of the Redeemable Preferred Share. The cost of the Company's 18,029,417 redeemable preferred shares amounts to P901,471 based on par value of P.05 per share which is the price per share at time of redemption. In accordance with the Articles of Incorporation of the issuer, the holder of the redeemable preferred shares is given the privilege of a right to receive Depot Royalty pro-rata to the percentage of shareholdings of redeemable shares by each stockholder of record as of August 22, 2006.

The 28.47% equity interest of the Company in Monumento Rail consisted of:

(a) Shares issued to the Company totaling 10,000,675 shares, which constitutes 15.79% of the total equity of Monumento Rail;
(b) Shares issued in the name of Fil-Estate Properties, Inc. (FEPI), totaling 5,485,680 shares, which represents 8.66% equity interest in Monumento Rail, to which FEPI issued in favor of the Company, a "Declaration of Trust and Transfer"; and,
(c) Shares of several minority shareholders aggregating 2,544,320 shares, representing 4.02% equity interest in Monumento Rail, acquired by the Company in 2002. On January 7, 2015, the Regional Trial Court of Makati issued a certification of a Special Power of Attorney (document) issued on January 14, 2002 whereby these minority shareholders have named and appointed the Company to be their lawful attorney-in-fact with full power and authority to perform such acts relative to the shares as enumerated in the document. In 2014, Deeds of Assignment were issued formally transferring minority shareholders' respective interest in Monumento Rail aggregating 4.02% to the Company.

The 28.47% equity interest in Monumento Rail entitled the Company to a share in the lease income termed Depot Royalty Rights due to the shareholders of Monumento Rail computed at

28.47% of 5% of the gross receipts of the rental income from 8.3 ha commercial center and 5% of the gross proceeds of sale or leases on improvements of 4.6 ha lot pads less management fee and general and admin expenses relative to the leased areas. *(See Note 2)*

Monumento Rail has no commercial activity and is in the process of negotiating with the Government towards the submission of a proposal as of December 31, 2014.

There are no significant restrictions on the ability of Monumento Rail to transfer funds to the Company in the form of cash dividends or repayment of loans or advances.

In 2013, the Company's share of losses exceeded its interest in Monumento Rail, representing its cost of investment in the shares of stock of the latter. The unrecognized share of losses in Monumento Rail for the year amounts to P7,430 and the cumulative unrecognized share of losses amounts to P1,954,395.

In 2014, the Company's share in the net income of Monumento Rail amounts to P11,005,689. Since the latter reported profit, the Company resumed recognizing its share in the profit only after its share of profits equals the share of losses not recognized *(see Note 10.1)*. Cumulative share of profit amounts to P9,051,294.

		2014		2013		2012
Share in profit (losses) for the period	**P**	**11,005,689**	P	(7,430)	P	(7,410)
Cumulative share of profit (losses)		**9,051,294**		(1,954,395)		(1,946,965)

The summarized financial information of Monumento Rail as at December 31, 2014 and 2013 are as follows:

		2014		2013
Total assets	**P**	**127,142,094**	P	74,342,094
Total liabilities		**113,160,316**		99,017,458
Total equity (deficiency)		**13,981,778**		(24,675,365)
Retained earnings (deficit)		**4,481,778**		(34,175,365)
Net Income		**38,657,143**		-

Note 9 – ACCRUED EXPENSE AND OTHER CURRENT LIABILITIES

This account consists of the following:

		2014		2013
Advances from MPIC *(Note 9.1)*	**P**	**350,000,000**	P	350,000,000
Accrued Expense *(Note 9.2)*		**52,089,223**		48,534,169
Subscription Payable		**12,262**		-
	P	**402,101,485**	P	398,534,169

9.1 Advances from MPIC

This account pertains to deposit received from MPIC in relation to the Cooperation Agreement entered into by the Fil-Estate Companies amounting to P350M. Should the Cooperation Agreement be consummated, these advances will be used as acquisition price of the shares *(see Note 2)*.

MPIC was appointed as attorney-in-fact in connection with the exercise of the rights and interests of the Fil-Estate Companies in the MRT Companies.

9.2 Accrued Expense

This account pertains mainly accrual of deficiency tax of prior year and professional fee including audit fee. Also included is the accrual of retainer fees to Arch Advisory Limited amounting to P3,345,345. *(See Notes 11.1 and 21.2)*

Note 10 – OTHER INCOME AND EXPENSE

10.1 Other Income

Presented below is the breakdown of Other Income:

		2014		2013		2012
Share in net proft of associate *(Note 8)*	P	**9,051,294**	P	-	P	-
Interest Income *(Note 6)*		**304**		310		368
Gain/Loss on Foreign Exchange *(Note 6)*		**142**		-		-
Other Income		**-**		441,452		-
	P	**9,051,740**	P	441,762	P	368

In 2013, other income represents reversal of the provision for contingencies.

10.2 Other Expense

Other Expense pertains to impairment loss on investments in unquoted equity securities (MRTHI and MRTH II) amounting to P183,264,740 and P 49,705,499 in 2014 and 2013, respectively. *(See Note 7.1)*

Note 11 – GENERAL AND ADMINISTRATIVE EXPENSES

Presented below are the details of this account:

		2014		2013		2012
Taxes & Licenses *(Note 12.2)*	P	**8,877,494**	P	1,920,092	P	622,256
Professional Fees *(Note 11.1)*		**5,549,812**		1,912,092		1,061,277
Legal Expense		**1,331,834**		-		-
Representation Expense		**679,156**		-		-
Travel & Transportation		**599,169**		572,645		1,199,228
Sponsorship		**500,000**		-		-
Global technology provider fee *(Note 20)*		**459,991**		-		-
Telephone, Telegraph & Postage		**232,701**		-		-
Fines & penalties		**312,398**		-		-
Seminar & Trainings		**122,134**		-		-
Food Expense		**51,256**		-		-
Printing & Reproduction		**39,383**		-		-
Repair & Maintenance		**27,726**		-		-
Advertising & Promotion		**13,290**		-		-
Office Supplies		**3,009**		-		-
Gasoline Exp		**1,381**		-		-
Bank Charges		**700**		-		-
Provision for probable losses *(Note 11.2)*		**-**		17,971,551		6,766,990
Miscellaneous expense		**-**		153,111		106,451
	P	**18,801,433**	P	22,529,491	P	9,756,202

11.1 Professional fee

During the reporting year, this account includes accrual of fees to Arch Advisory Limited for financial advisory services amounting to P3,345,345. *(See Note 21.2)*

11.2 Provision for probable losses

Provision for probable losses were recognized for estimated amounts of probable losses. This is included under "Accrued expenses and other current liabilities" account in the Statement of Financial Position. The information usually required by PAS 37, "Provisions, Contingent Liabilities and Contingent Assets" is not disclosed on the grounds that it can prejudice the Company's position.

Note 12 – TAXES

12.1Current and Deferred Taxes

The Company recognized minimum corporate income tax of P3 in 2014 and Pnil in 2013.

The reconciliation of tax on pretax income computed at the applicable statutory rates to tax expense attributable to continuing operations follows:

		2014		2013
Tax on pre-tax income	P	(57,904,330)		-
Interest Income		(91)		-
Disallowed representation		203,747		-
Disallowed penalty		93,719		-
Disallowed expense		150,000		-
Deferred tax on Impairment loss on AFS		54,979,422		-
Share in net profit of associate		(2,715,388)		-
NOLCO		5,192,921		-
Unrecognized DTA on excess MCIT		3		
	P	3	P	-

Deferred Tax Asset

Deferred tax asset in respect to Company's NOLCO and impairment loss in unquoted AFS for an aggregate amount of P83.16M and P45.22M for the years 2014 and 2013, respectively has not been recognized because it is probable that future taxable income will be available against which the Company can utilize the benefit there from.

Details of unrecognized deferred tax asset are as follows:

		2014		2013
Impairment loss on AFS	P	69,891,072	P	14,911,650
NOLCO		7,449,666		24,484,305
Provision for probable losses		5,819,728		5,819,728
	P	83,160,466	P	45,215,683

The carryforward benefit of NOLCO as at December 31, 2014 that can be claimed as deduction against regular taxable income are as follows:

Date Incurred		Amount		Addition (Expired)		Balance	Expiry Date
December 31, 2011	P	74,091,866	P	(74,091,866)	P	-	December 31, 2014
December 31, 2012		2,989,212		-		2,989,212	December 31, 2015
December 31, 2013		4,533,271		-		4,533,271	December 31, 2016
December 31, 2014		-		17,309,737		17,309,737	December 31, 2017
	P	81,614,349	P	(56,782,129)	P	24,832,220	

12.2 Supplementary Information Required Under RR 15 - 2010

Withholding Taxes

		Remitted		Accrued
Remittance of W/T Payable, Dec. 31, 2013	P	-		
Remittance of W/T Payable (January to November, 2014)		106,656	P	-

Taxes and Licenses

		2014
Documentary stamp tax for Increase in ACS through conversion of advances	P	8,500,750
Annual Listing Fee		280,000
Business permit		67,665
BIR registration fee		500
Others		28,579
	P	8,877,494

12.3 Income Tax Payable

The Company recognized income tax payable of P3 which pertains to the minimum corporate income tax.

12.4 Tax Assessments and tax cases

The Company has no deficiency tax assessments or on-going tax cases, protested or not, as of December 31, 2014.

12.5 Uncertain Tax Position

The Company has not identified any significant component of the financial statements that may hold uncertain tax position under the tax laws of the Philippines other than those that have been considered in the Company's income tax calculation

12.6 Recent tax regulation

The following are the major changes brought by new tax regulations that are relevant to the Association:

(a) REVENUE REGULATIONS NO. 1-2015 issued on January 5, 2015 with respect to "De Minimis Benefits", stating "Benefits received by an employee by virtue of a collective bargaining agreement (CBA) and productivity incentive schemes provided that the total annual monetary value received from both CBA and productivity incentive schemes combined do not exceed ten thousand pesos (Php 10,000.00) per employee per taxable year"

(b) REVENUE REGULATIONS NO. 3-2015 issued on March 13, 2015 implements the provision of Republic Act No. 10653, more particularly on the increase to P 82,000.00 of the total amount of exclusion from gross income for 13th month pay and other benefits beginning January 1, 2015, and shall in no case apply to other compensation received by an employee under an employer-employee relationship, such as basic salary and other allowances.

(c) REVENUE REGULATIONS NO. 5-2015 issued on March 17, 2015 amends Revenue Regulations (RR) No. 6-2014 and imposes penalties to taxpayers mandatorily covered by the Electronic Filing and Payment System (eFPS) or Electronic Bureau of Internal Revenue Forms (eBIRForms) who failed to file tax returns under the electronic systems of the BIR.

(d) REVENUE REGULATIONS NO. 12-2014 amends Section 2.58.5 of Revenue Regulation No. 2-98 Requirements of deductibility. Any income payment which is otherwise deductible under the Code shall be allowed as a deduction from the payors' gross income only if it shown that the income tax required to be withheld has been paid to the Bureau in accordance with Secs. 57 and 58 of the Code. "No deduction will also be allowed notwithstanding payments of withholding tax at the time of the audit investigation or reinvestigation/reconsideration in cases where no withholding of tax was made in accordance with Secs. 57 and 58 of the Code."

(e) REVENUE REGULATION NO. 2-2015 issued on February 3, 2015 prescribes the Income Tax forms, which will be used for Income Tax Returns (ITRs) filing covering and starting taxable year December 31, 2014 by all taxpayer who are required to file their ITRs under Section 51(A)(1) of the Tax Code and those who are not required to file under Section 51(A)(2) but who opted to do so BIR Form No. 1700, 1702-RT, 1702-EX, 1702-MX version June 2014. The requirement for entering centavos in the ITR has been eliminated.

Note 13 – LOSS PER SHARE

Loss per share were computed as follows:

	2014	2013	2012
Net Income (Loss)	**(P 193,014,437)**	(P 71,793,228)	9,755,834
Divided by Weighted average number of shares outstanding	**1,998,553,181**	1,398,403,181	999,850,000
	(P 0.10)	(P 0.05)	P 0.01

Note 14 - EQUITY

Share Capital

As at December 31, 2014 and 2013, the capital stock of the Company consists of:

	2014	2013
Authorized capital stock	**2,000,000,000**	2,000,000,000
Issued and subscribed capital stock	**1,798,403,181**	999,850,000
Less: subscription receivable	-	1,446,819
Issued and subscribed capital stock	**1,798,403,181**	998,403,181
Add: shares issued through conversion	**200,150,000**	800,000,000
	1,998,553,181	1,798,403,181
Par value	**P 1**	P 1
	P 1,998,553,181	P 1,798,403,181

Additional paid-in Capital

In 1996, the Board of Directors and Stockholders approved (i) the increase in authorized capital stock (Class A and B) from P300 million, divided into 30 billion shares at P0.01 par value per share to P2 billion, divided into 2 billion shares at P1.00 par value; and (ii) the declassification of Class A and B common shares to a single common share. Fil-Estate Management, Inc. (FEMI) subscribed to 700 million shares in exchange for the assignment of its interests in the MRTHI and Metro Rail Transit Corp., Limited (MRTCL) with an aggregate carrying value of P1.3 billion.

On January 22, 1998, the Securities and Exchange Commission (SEC) approved the change in par value from P0.01 per share and the declassification of Class A and B common shares to a single class of common shares. On December 11, 2000, the SEC approved the Company's application for the increase in authorized capital stock from 300 million shares to 2 billion shares at P1.00 par value. Accordingly, the equity contribution of FEMI of P1.3 million as mentioned above was presented as part of "Capital stock" and "Additional paid-in capital" for the excess in par value.

Conversion of Advances to Equity

On December 31, 2013, the Securities and Exchange Commission (SEC) approved the Increase in Paid-up capital through conversion of advances amounting to P800M.

On September 4, 2014, the Securities and Exchange Commission (SEC) approved the Increase in Paid-up capital through conversion of advances amounting to P200.15M.

Track Record of Registration of Securities

Date of SEC Approval	*Authorized Shares*	*Number of Shares Issued*	*Issue/Offer Price*
January 22, 1998	300,000,000	297,948,837	P1.00
1999	-	1,901,163	P1.00
December 11, 2000	1,700,000,000	-	P1,00
2000	-	700,000,000	P1.00
December 16, 2013	-	800,000,000	P1.00
September 4, 2014	-	200,150,000	P1.00
	P2,000,000,000	P1,998,553,181	

a. On January 22, 1998, the SEC approved the changed in par value from P0.01 per share to P1.00 per share and the declassification of Class A and B common shares to a single class of common shares.
b. On December 11, 2000, the SEC approved the increase in authorized capital stock from P300Million, divided into 30.0 billion shares with a par value P0.01per share, to P2 billion divided into 2.0billion shares with a par value P1.00 per share.

c. On December 16, 2013, the SEC approved the conversion of portion of the Company's liabilities to FEMI amounting to P800million into equity shares totaling 800million shares at P1.00 par value.
d. On September 4, 2014, the SEC approved the conversion of portion of the Company's liabilities to FEMI amounting to P200.15million into equity shares totaling 200.15million shares at P1.00 par value.

Note 15 – OPERATING SEGMENT

For management purposes, the Company is organized into one main operating segment, which invests in infrastructure-related investments. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment.

Financial information about the Company's business segments are shown below:

	2014	2013	2012
Earnings Information			
Interest income	P 304	310.00	P 368
Gain on foreign exchange	142	-	-
Other income	9,051,294	441,452	-
General and administrative expenses	(18,801,433)	(22,529,491)	(9,756,202)
Net loss	(193,014,437)	(71,793,228)	(9,755,834)
Other information			
AFS financial assets	1,538,101,871	1,722,825,729	1,774,428,491
Segment assets	2,550,581	901,471	901,471
Segment liabilities	402,101,485	398,534,169	357,436,756

The following illustrate the reconciliation of reportable segment assets and liabilities to the Company's corresponding amounts:

	2014	2013	2012
Assets			
Total assets for reportable segments	P 2,645,451	P 993,863	P 1,064,838
AFS financial assets	1,538,101,871	1,722,825,729	1,774,428,491
Total assets	P 1,540,747,322	P1,723,819,592	P 1,775,493,329
Liabilities			
Total liabiltiies for reportable segments	402,101,485	398,534,169	357,436,756
Due to a stockholder	847,258,377	1,030,523,118	1,849,603,777
Due to related parties	333,468,624	333,468,624	333,468,624
Total liabiltiies	P 1,582,828,486	P1,762,525,911	P 2,540,509,157

Note 16 – RELATED PARTY TRANSACTIONS

The Company's major transactions with related parties include those with its Parent company and other related parties are described below.

	Year		Transaction Value For the year ended December		Outstanding Balance as of the year ended	Terms	Conditions
Due from other related party							
MRTHII *(Note 6)*	2014	P	1,649,110	P	1,649,110	Non-interest bearing	
Monumento Rail Transit Corp *(Note 6)*	2014	P	901,471	P	901,471	Non-interest bearing	
Total	2014			P	2,550,581		
Due to Stockholder							
Fil-Estate Managament Inc.	2014	P -	183,264,741	P	847,258,377		
	2013		4,414,285	P	1,030,523,118	Non-interest bearing	Secured
Due to Other related Parties							
MRTHI	2014	P	-	P	213,740,407		
	2013		-		213,740,407	Non-Interest bearing	Secured
MRTHII	2014		-		119,728,217		
	2013		-		119,728,217	Non-interest bearing	Secured
Total	2014				333,468,624		
Total	2013				333,468,624		

16.1 Due to Stockholder

Waiver of Interest

Due to a stockholder pertains to advances from FEMI with interest of 4% per annum until 2011. On December 10, 2012, as a form of support to the Company, FEMI waived the 4% interest charged to advances made to the Company starting January 1, 2012.

This liability arose mainly from FEMI's payment of the Company's bank loans including interests and penalties, aggregating P3,000million and the cost of acquisition of shares of minority stockholders of MRTH II amounting to P180.0million. Over the years, the amount of liability was reduced mainly by transferring asset back notes to FEMI aggregating P978million in 2004 and P650million prior to 2004.

As discussed in Notes 2 and 7.1, under the "Letter of Agreement" entered into between the Company and FEMI, the Company has the option to transfer its investments in MRTHI and MRTH II in payment for the outstanding advances.

FEMI made advances to the Company totaling to P16.9M and P4.4M in 2014 and 2013.There are no interest expenses related to these advances.

Non-current classification

As the Company has a standing option to offset the unquoted securities against the advances from FEMI and exercise the option to settle the remaining liability with the delivery of the shares upon expiration of the BLT Agreement in 2025, "Due to a stockholder" was classified as non-current.

Accounting and administrative functions

The accounting and administrative functions of the Company are also being handled by FEMI for no consideration.

Conversion of advances to equity
On December 16, 2013, the SEC approved the conversion of portion of the Company's liabilities to FEMI amounting to P800million, into equity shares totaling 800million shares at P1.00 par value.

On September 4, 2014, the Securities and Exchange Commission (SEC) approved the Increase in Paid-up capital through conversion of advances amounting to P200.15M.

Roll-forward analysis:

	2014	2013
Balance at the beginning of the year	**P 1,030,523,118**	P 1,849,603,777
Conversion to equity *(Note 14)*	**(200,150,000)**	(800,000,000)
Expenses paid in advance	**16,885,259**	4,414,285
Adjustment	**-**	(23,494,944)
Balance at the end of the year	**P 847,258,377**	P 1,030,523,118

16.2 Due to Other Related Parties

Due to related parties pertain to advances received from MRTHI and MRTH II in prior years to be applied against future dividends to be declared by MRTHI and MRTH II. The advances had not been discounted as there is no reliable basis of estimating the cash flow. As at December 31, 2014 and 2013, the outstanding due to related parties are as follows:

	2014	2013
MRTHI	**P 213,740,407**	P 213,740,407
MRTHII	**119,728,217**	119,728,217
	P 333,468,624	P 333,468,624

On April 4, 2014, MRTC declared cash dividends equivalent to and to be offset against accumulated advances to shareholders representing ERP-remittances to shareholders as at December 31, 2013. As at reporting date, MRTHI and MRTH II have yet to declare dividends.

Note 17 – CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statements of financial position.

	2014	2013
Total Liabilities	**P 1,582,828,489**	P 1,762,525,911
Total Equity	**(33,931,344)**	(39,607,790)
Debt-to-equity ratio	**-46.65:1**	-44.5:1

The Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may pay off its debt, issue new shares or sell assets to reduce debt.

Note 18 – RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated with the Board of Directors, and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, 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 Company's business activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

18.1 Liquidity risk

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Company's inability to meet its obligations when they come due without recurring unacceptable losses or costs.

In the management of liquidity, the Company monitors and maintains a level of cash deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuation in cash flows.

The Company continues to obtain support from FEMI to finance the Company's operations. *(See Note 2.1)*

Presented below are the contractual maturities of liabilities for the years ended December 31, 2014 and 2013.

Contractual maturities 2014	less than 1 year	1-3 years	3-5 years	more than 5 years	Total
Accrued Expenses	P 52,089,223	P -	P -	P -	P 52,089,223
Other payables	350,012,263	-	-	-	350,012,263
Due to a stockholder	-	-	-	847,258,376.64	847,258,377
Due to related parties	-	-	-	333,468,624.00	333,468,624
	P 402,101,485	P -	P -	P 1,180,727,001	P 1,582,828,486

Contractual maturities 2014	less than 1 year	1-3 years	3-5 years	more than 5 years	Total
Accrued Expenses	P 48,534,169	P -	P -	P -	P 48,534,169
Other payables	350,000,000	-	-	-	350,000,000
Due to a stockholder	-	-	-	847,258,376.64	847,258,377
Due to related parties	-	-	-	333,468,624.00	333,468,624
	P 398,534,169	P -	P -	P 1,180,727,001	P 1,579,261,170

18.2 Credit risk

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statement of financial position (or in the detailed analysis provided in the notes to the financial statements). Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount.

The Company's receivables are actively monitored to avoid significant concentrations of credit risk and are all currently demandable.

2014

	Neither past due nor impaired				Total
	High grade	Medium grade	Low grade	Past due or Individually Impaired	
Cash	P 94,870	P -	P -	P -	P 94,870
Receivables	2,550,581	-	-	-	2,550,581
Total	P 2,645,451	-	P -	P -	P 2,645,451

Note 19 – FAIR VALUE MEASUREMENT

19.1 Fair value measurement

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Company takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial assets and liabilities:

	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash in bank	₱ 94,870	₱ 94,870	₱ 92,392	₱ 92,392
Other receivables	2,550,581	2,550,581	901,471	901,471
Available-for sale securitites	1,538,101,871	1,538,101,871	1,722,825,729	1,722,825,729
Total financial assets	1,540,747,322	1,540,747,322	1,723,819,592	1,723,819,592
Other current liabilities	402,101,485	402,101,485	398,534,169	398,534,169
Due to related parties	1,180,727,001	1,180,727,001	1,363,991,742	1,363,991,742
Total financial liabilities	1,582,828,486	1,582,828,486	1,762,525,911	1,762,525,911

The carrying amounts approximate their fair values due to relatively short-term maturity of these financial instruments. Similarly, the historical cost carrying amounts of receivables and payables approximate their fair values.

Fair value hierarchy

The different levels of financial instruments carried at fair value, by valuation method have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

As of December 31, 2014 and 2013, the Company's Available-for-sale financial assets amounts to P1,538,101,871 and P1,722,825,729, respectively.

Note 20 - EVENTS AFTER REPORTING DATE

20.1 Final Award on Arbitration

On February 11, 2015, the PDRCI rendered its Final Award on the arbitration case filed by CJH Development Corporation (CJH) against the Bases Conversion and Development Authority ((BCDA). The decision stated that the Original Lease Agreement, and the subsequent Memorandums of Agreements entered into by CJH and BCDA were rescinded due to mutual breach of both parties.

The PDRCI (a) directed BCDA to return to CJH the total amount of rentals it paid amounting to P1,421,096,052; and (b) ordered CJH to vacate the leased premises and promptly deliver the leased property to BCDA upon full payment by BCDA to CJH of the aforementioned rental amount. The PDRCI likewise declared CJH as not liable for any unpaid back rent as had been claimed by BCDA.

On March 6, 2015, CJH filed a Verified Petition for Confirmation of Final Award with the Regional Trial Court of Baguio City. On March 27, 2015, the Court issued an Order of Confirmation of the Final Award.

20.2 Others

There were no other material events that occurred subsequent to December 31, 2014 that were not reflected in the financial statements for the period.

Note 21 - COMMITMENTS AND CONTINGENCIES

The Company makes various commitments and incurs certain contingent liabilities that are not given recognition in the accompanying financial statements. The Company's management believes losses, if any, that may arise from these commitments and contingencies will not have a material effect on the Company's financial statements.

21.1 Agreement with Intralinks, Inc.

On May 31, 2014, the agreement is made and entered between Intralinks, Inc. and the Company. Intralinks grants the Company a non-exclusive, non-sublicensable, non-transferrable, limited right to utilize, and permit its affiliates and their agents, employees, directors to utilize the services strictly in accordance with the terms and conditions of this Agreement and each Work Order.

The terms of payment of Intralinks fees and other charges is according to each Work Order. Charges and other payable exclude VAT.

21.2 Agreement with Arch Advisory Limited

Effective May 1, 2014, Arch Advisory Limited will act as the Company's lead financial advisor to render several activities relative to the structuring of the terms and conditions of a new financing for the MRTC owned MRT 3 rail line which may be in the form of equity linked and secured or unsecured debt or combination thereof and partial or full retirement of the MRTC special funding bonds. The structured terms and conditions when agreed upon should be offered to potential investors. The monthly retainer fee amounts to USD15,000 and reimbursement of out-of-pocket expenses. As at reporting date, accrued fees amount to P3,345,345 *(see Notes 9.2 and 11).*

22.3 Others

As of December 31, 2014, there are no pending claims and legal actions against or involving the Company arising from the normal course of business.

Note 23 – NOTES TO STATEMENT OF CASH FLOWS

The most significant cash flow activity is the advances provided by the Company's stockholder amounting to P16,885,259 for use to fund operations. *(see Note 16.1)*

Valdes Abad & Company
(Formerly: Valdes Abad & Associates)
certified public accountants

CJV Building 108 Aguirre Street, Legaspi Village, Makati City, Philippines

Branches: Cebu and Davao

Phone: (632) 892-5931 to 35
(632) 519-2105
Fax: (632) 819-1468
E-mail: valdes.abad.associates@gmail.com
BOA/PRC Reg. No. 0314
SEC Accreditation No. A-142-F

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PARTNERING FOR SUCCESS

REPORT OF INDEPENDENT PUBLIC AUDITORS TO ACCOMPANY SEC SCHEDULES FILED SEPARATELY FROM THE BASIC FINANCIAL STATEMENTS

The Board of Directors
METRO GLOBAL HOLDINGS CORPORATION
Mezzanine Floor, Renaissance Tower
Meralco Avenue, Pasig City

We have audited the financial statements of Metro Global Holdings Corporation (the Company) for the year ended December 31, 2014 and 2013, on which we have rendered our report dated April 12, 2018. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary schedules (see table of contents) of the Company as of December 31, 2014 and 2013 and for the year ended, required by the Securities and Exchange Commission, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in such supplementary schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

VALDES ABAD & COMPANY, CPAs
BOA/PRC Reg. No. 0314
Issued on November 2, 2015, Valid until December 31, 2018
SEC Accreditation No. A-142-F, Group A
Issued on September 7, 2017, Valid until April 30, 2018
BIR Accreditation No. 08-002126-000-2017
Issued on December 13, 2017, Valid until December 12, 2020

By:

ALFONSO L. CAY-AN
Partner
CPA Registration No. 99805
Issued on December 28, 2017, Valid until December 14, 2020
TIN No. 213-410-741-000
PTR No. 6617716, Issued Date: January 5, 2018, Makati City
BOA/PRC Reg. No. 0314
Issued on November 2, 2015, Valid until December 31, 2018
SEC Accreditation No. A-782-A
Issued on September 07, 2017, Valid until April 30, 2018
BIR Accreditation No. 08-002126-005-2017
Issued on December 13, 2017, Valid until December 12, 2020

Makati City, Philippines
April 12, 2018

SCHEDULE I

METRO GLOBAL HOLDINGS, CORP.
PFRS STANDARDS AND INTERPRETATIONS APPLIED
SRC RULE 68.1 AS AMENDED (2011)
FOR THE YEAR ENDED DECEMBER 31, 2014

Below are all the standards and interpretation s existing in the Philippines and an indication of whether it is *"Adopted", "Not Adopted", and "Not Applicable"*.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		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*			√
	Amendments to PFRS 1: *Borrowing Costs*			√
PFRS 2	Share-based Payment			√
	Amendments to PFRS 2: *Vesting Conditions and Cancellations*			√
	Amendments to PFRS 2: *Group Cash-settled Share-based Payment Transactions*			√
	Amendments to PFRS 2: Definition of Vesting Condition			√
PFRS 3 (Revised)	Business Combinations			√
	Amendments to PFRS 3: *Measurement of non-controlling interests, replaced share-based payment awards, transitional arrangements for contingent consideration*			√
	Amendments to PFRS 3: *Accounting for contingent consideration in a business combination*			√
	Amendments to PFRS 3: *Scope of exception for joint ventures*			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 4	Insurance Contracts			√
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			√
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			√
	Amendments to PFRS 5: Sale of a controlling interest in the subsidiary			√
	Amendments to PFRS 5: *Consequential amendments from IFRIC 17 Distributions of Non-cash Assets to Owners (assets held for distribution to owners)*			√
	Amendments to PFRS 5: Disclosure requirements in other standards			√
	Amendments to PFRS 5: *Changes in methods of disposal**			√
PFRS 6	Exploration for and Evaluation of Mineral Resources			√
PFRS 7	Financial Instruments: Disclosures	√		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	√		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	√		
	Amendments by Improvements to PFRS: Clarification of disclosures	√		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			√
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	√		
	Amendments to PFRS 7 and PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*	√		
	Amendments to PAS 39, PFRS 9 and PFRS 7 : Introduction of the Hedge Accounting chapter in PFRS 9*		√	
	Amendments to PFRS 7: Servicing Contracts and applicability of the amendments to Condensed Interim Financial Statements*			√
PFRS 8	Operating Segments			√
	Amendments to PFRS 8: Disclosure of information about Segment Assets			√
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliations of Assets			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 9	Financial Instruments: Complete and Final Version*	√		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	√		
PFRS 10	Consolidated Financial Statements			√
	Amendments to PFRS 10, : *Transition Guidance*			√
	Amendments to PFRS 10 : *Investment Entities*			√
	Amendments to PFRS 10 : *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**			√
	Amendments to PFRS 10: *Regarding the application of the consolidation exception**			√
PFRS 11	Joint Arrangements			√
	Amendments to PFRS 11 : *Transition Guidance*			√
	Amendments to PFRS 11: *Accounting for Acquisitions of Interests in Joint Operations**			√
PFRS 12	Disclosure of Interests in Other Entities	√		
	Amendments to PFRS 12 : *Transition Guidance*			√
	Amendments to PFRS 12 : *Investment Entities*			√
	Amendments to PFRS 10: *Regarding the application of the consolidation exception**			√
PFRS 13	Fair Value Measurement	√		
	Amendment to PFRS 13: Short-term Receivables and Payables*	√		
	Amendments to PFRS 13: *Scope of Portfolio Exception*			√
PFRS 14	Regulatory Deferral Accounts*			√
PFRS 15	Revenue from Contracts with Customers*			√
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	√		
	Amendments to PAS 1: *Puttable Financial Instruments and Obligations Arising on Liquidation*			√
	Amendments to PAS 1: *Current/Non-current Classification of Derivatives*			√
	Amendments to PAS 1: *Current/Non-current Classification of Convertible Instruments*			√
	Amendments to PAS 1: *Clarification of Statement of Changes in Equity*			√

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 1: *Presentation of Items of Other Comprehensive Income*			√
	Amendments to PAS 1: *Clarification of the requirements for comparative information*	√		
	Amended by Disclosure Initiative*	√		
PAS 2	Inventories			√
PAS 7	Statement of Cash Flows	√		
	Amendments to PAS 7: *Expenditures that do not result in a recognised asset.*	√		
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			√
	Amendment to PAS 16 – *Classification of Service Equipment*			√
	Amendment to PAS 16: *Revaluation method - proportionate restatement of accumulated depreciation*			√
	Amendments to PAS 16 : *Clarification of Acceptable Methods of Depreciation and Amortisation**			√
	Amendments to PAS 16 : *Agriculture- Bearer Plants**			√
PAS 17 (Revised 2003)	Leases			√
PAS 18	Revenue	√		
PAS 19 (Amended 2011)	Employee Benefits	√		
	Amendments to PAS 19: *Employee Benefits - Defined Benefit Plans: Employee Contributions*	√		
	Amendments to PAS 19: *Discount rate- Regional Market Issue**			√
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			√
PAS 21	The Effects of Changes in Foreign Exchange Rates	√		
	Amendment: Net Investment in a Foreign Operation			√
PAS 23 (Revised)	Borrowing Costs			√
PAS 24 (Revised)	Related Party Disclosures	√		
	Amendments to PAS 24: *Key Management Personnel*	√		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 26	Accounting and Reporting by Retirement Benefit Plans			√
PAS 27 (Amended 2011)	Separate Financial Statements			√
	Amendments to PFRS 10, PFRS 12 and PAS 27 : *Investment Entities*			√
	Amendments to PAS 27 : *Equity Method in Separate Financial Statements**			√
PAS 28 (Amended)	Investments in Associates and Joint Ventures	√		
	Amendments to PAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**			√
	*Amendments to PFRS 10: Regarding the application of the consolidation exception **			√
PAS 29	Financial Reporting in Hyperinflationary Economies			√
PAS 31	Interests in Joint Ventures			√
PAS 32	Financial Instruments: *Disclosure and Presentation*	√		
	Amendments to PAS 32 : *Puttable Financial Instruments and Obligations Arising on Liquidation*			√
	Amendment to PAS 32: *Classification of Rights Issues*			√
	Amendment to PAS 32: Tax Effects of Distribution to Holders of Equity Instruments	√		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities		√	
PAS 33	Earnings per Share	√		
PAS 34	Interim Financial Reporting			√
	Amendment to PAS 34: *Significant Transactions and Events*			√
	Amendment to PAS 34: *Interim Financial Reporting and Segment Information for Total Assets and Liabilities*			√
	Amendment to PAS 34: *Disclosure of information 'elsewhere in the interim financial report'**			√
PAS 36	Impairment of Assets	√		
	Amendment to PAS 36: *Disclosure of estimates used to determine a recoverable amount*	√		
	Amendment to PAS 34: *Units of accounting for goodwill impairment testing using segments under PFRS 8 before aggregation*			√
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	√		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	√		
PAS 38	Intangible Assets			√
	Amendments to PAS 38: *Advertising and promotional activities, units of production method of amortisation*			√
	Amendments to PAS 38: *Measurement of intangible assets in business combinations*			√
	Amendments to PAS 38: *Proportionate restatement of accumulated depreciation under the revaluation method*			√
	Amendments to PAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation**			√
PAS 39	Financial Instruments: *Recognition and Measurement*	√		
	Amendments to PAS 39: *Transition and Initial Recognition of Financial Assets and Financial Liabilities*	√		
	Amendments to PAS 39: *Cash Flow Hedge Accounting of Forecast Intragroup Transactions*			√
	Amendments to PAS 39: *The Fair Value Option*	√		
	Amendments to PAS 39 and PFRS 4: *Financial Guarantee Contracts*			√
	Amendments to PAS 39 and PFRS 7: *Reclassification of Financial Assets*	√		
	Amendments to PAS 39 and PFRS 7: *Reclassification of Financial Assets – Effective Date and Transition*	√		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: *Embedded Derivatives*			√
	Amendment to PAS 39: *Eligible Hedged Items*			√
	Amendment to PAS 39: *Novation of Derivatives and Continuation of Hedge Accounting*			√
PAS 40	Investment Property			√
	Amendment to PAS 40: *Property under construction or development for future use as investment property*			√
	Amendment to PAS 40: *Interrelationship of PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property*			√
PAS 41	Agriculture			√
	Amendment to PAS 41: Discount rate for fair value calculations and Additional biological transformation			√
	Amendments to PAS 16 and PAS 41: *Agriculture-Bearer Plants**			√

Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			√
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			√
IFRIC 4	Determining Whether an Arrangement Contains a Lease			√
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			√
IFRIC 6	Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment			√
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			√
IFRIC 8	*Scope of PFRS 2*			√
IFRIC 9	Reassessment of Embedded Derivatives			√
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			√
	Amendments to Philippine Interpretation IFRIC 9 and Revised IFRS 3: Scope of IFRIC 9 and revised IFRS 3			√
IFRIC 10	Interim Financial Reporting and Impairment			√
IFRIC 11	PFRS 2 – Group and Treasury Share Transactions			√
IFRIC 12	Service Concession Arrangements			√
IFRIC 13	Customer Loyalty Programmes *(Will be superseded by IFRS 15 as of 1 January 2018)*			√
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			√
	Amendments to Philippine Interpretations IFRIC-14: *Prepayments of a Minimum Funding Requirement*			√
IFRIC 15	Agreements for the Construction of Real Estate *(Will be superseded by IFRS 15 as of 1 January 2018)*			√
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			√
	Amendments to Philippine Interpretations IFRIC-16: *Entity that can hold hedging instruments*			√
IFRIC 17	Distributions of Non-cash Assets to Owners *(Will be superseded by IFRS 15 as of 1 January 2018)*			√
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 *(Will be superseded by IFRS 16 as of 1 January 2019)*			√
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 *(Will be superseded by IFRS 16 as of 1 January 2019)*			√
SIC-29	Service Concession Arrangements: Disclosures.			√
SIC-31	Revenue – Barter Transactions Involving Advertising Services *(Will be superseded by IFRS 15 as of 1 January 2018)*			√
SIC-32	Intangible Assets - Web Site Costs			√

** Not early adopted*

SCHEDULE II

RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2014
METRO GLOBAL HOLDINGS CORPORATION
Mezzanine Floor, Renaissance Tower
Meralco Avenue, Pasig City

The Company has no unrestricted retained earnings and has continuously recognized deficit.

METRO GLOBAL HOLDINGS CORP.
FINANCIAL SOUNDNESS INDICATORS
SRC RULE 68.1, AS AMENDED (2011)
FOR THE YEAR ENDED DECEMBER 31, 2014

Financial Soundness Indicators are used to monitor the soundness of a financial system and assess systemic risk. It responds to the need for better tools to assess the strengths and vulnerabilities of the financial system.

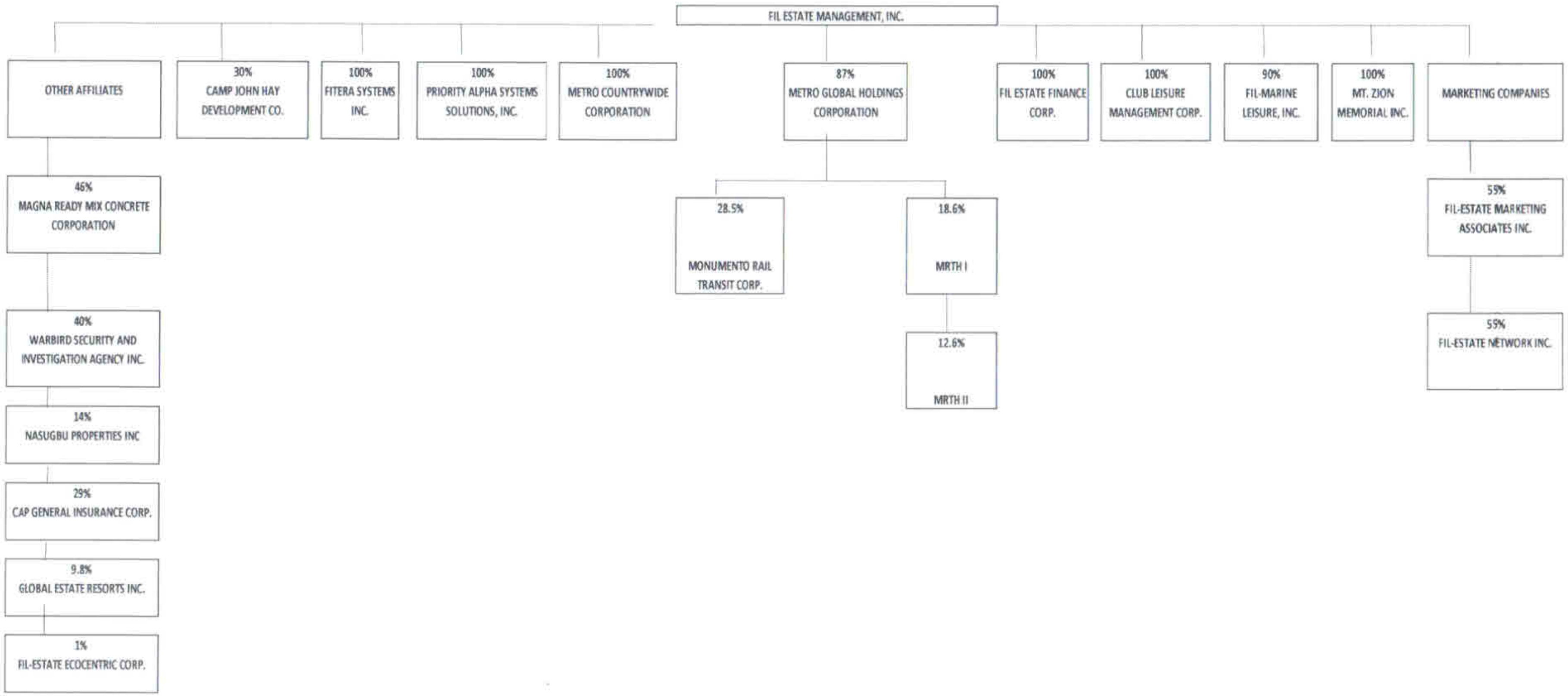
Below is the schedule showing financial soundness indicators for the years ended December 31, 2014

	2014	2013
Current/Liquidity Ratio	**0.01:1**	0:1
Current Assets	**2,645,451**	92,392
Current Liabilities	**402,101,488**	398,534,169
Liquidity Ratio	**0.01:1**	0:1
Liquid Asset	**2,645,451**	92,392
Current Liabilities	**402,101,488**	398,534,169
Working Capital to Total Asset	**-0.26:1**	-0.23:1
Working Capital	**(399,456,037)**	(398,441,777)
Total Asset	**1,548,897,145**	1,722,918,121
Solvency Ratio	**-0.12:1**	-0.04:1
Net Profit(Loss) before depreciation	**(193,014,437)**	(71,793,228)
Total Liabilities	**1,582,828,489**	1,762,525,911
Debt-to-Equity Ratio	**-46.65:1**	-44.5:1
Total Liabilities	**1,582,828,489**	1,762,525,911
Total Equity	**(33,931,344)**	(39,607,790)
Asset-to-Equity Ratio	**-45.65:1**	-43.5:1
Total Assets	**1,548,897,145**	1,722,918,121
Total Equity	**(33,931,344)**	(39,607,790)
Profitability Ratio	**0.01:1**	0.01:1
Net Profit/Loss	**(193,014,437)**	(71,793,228)
Total Equity	**(33,931,344)**	(39,607,790)
Return on Asset (ROA)	**-0.12:1**	-0.04:1
Net Income/Loss	**(193,014,437)**	(71,793,228)
Average Asset	**1,635,907,633**	1,748,754,990
Return on Equity (ROE)	**5.25:1**	0.18:1
Net Income/Loss	**(193,014,437)**	(71,793,228)
Average Equity	**(36,769,567)**	(402,762,545)

The key indicators were chosen to provide management with a measure of the Company's financial Strength *(Current Ratio, Solvency Ratio, and Debt to Equity)* and the Company's ability to maximize the value of its investment in the Company *(Profitability Ratio)*. Likewise, the ratios are used to compare the Company's performance with similar companies.

SCHEDULE IV

METRO GLOBAL HOLDINGS CORPORATION
RELATIONSHIPS BETWEEN AND AMONG THE COMPANY AND ITS ULTIMATE PARENT, MIDDLE PARENT, SUBSIDIARIES OR CO-SUBSIDIARIES AND ASSOCIATES
As of December 31, 2014



METRO GLOBAL HOLDINGS CORPORATION
SUPPLEMENTARY SCHEDULES REQUIRED BY SRC RULE 68 (ANNEX 68 – E)
As of December 31, 2014

Schedule A Financial Assets

The Company's Financial Assets as of December 31, 2014 are as follows:

Cash	P	94,870
Other receivables		2,550,581
Available-for-sale financial assets		1,538,101,871
	P	1,540,747,322

Schedule B Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Shareholders (Other than Related Parties)

	Relationship	Beginning Balance	Ending Balance
MRTHII	Affiliate	P -	**P 1,649,110**
Monumento Rail Transit Corp.	Affiliate		**901,471**
			P 2,550,581

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

Note applicable. The Company does not prepare consolidated financial statements.

Schedule D Intangible Assets – Other Assets

Not applicable. The Company does not have any intangible asset.

Schedule E Long-term Debt

Not applicable.

Schedule F Indebtedness to Related Parties

	Relationship	Beginning Balance	Ending Balance
Fil-Estate	Stockholder	P 1,030,523,118	**P 847,258,377**
MRTHI	Affiliate	213,740,407	**213,740,407**
MRTHII	Affiliate	119,728,217	**119,728,217**
		P 1,363,991,742	**P 1,180,727,001**

Schedule G Guarantees of Securities of Other Issuers

Not applicable.

Schedule H Capital Stock

Title of Issue	Number of Shares Authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversionand other rights	Number of sharesheld by related parties	Number of shares held by Directors, officers and employees	Number of shares held by others
Common shares	2,000,000,000	1,995,389,897	-	1,759,750,196	3,410,014	232,229,687