

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO: ALL STOCKHOLDERS

NOTICE is hereby given that the annual meeting of the stockholders of Sinophil Corporation shall be on **18 July 2014**, Friday, at 3:00 in the afternoon, SMX Convention Center, Seashell Lane, Mall of Asia Complex, Pasay City to consider the following:

AGENDA

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Approval of the Minutes of the Previous Meeting of Stockholders
5. Approval of 2013 Operations and Results
6. Ratification of all Acts of the Board of Directors and Officers
7. Election of Directors
8. Appointment of SyCip Gorres Velayo & Co. as External Auditors
9. Amendment of Articles of Incorporation
 - a. Change of Corporate Name
 - b. Amendment of Primary Purpose
 - c. Increase in Authorized Capital Stock
 - d. Change in Address of Principal Office
10. Other Matters
11. Adjournment

The close of business on **18 June 2014** has been fixed as the record date for the determination of the stockholders entitled to notice of and vote at said meeting and any adjournment thereof.

Registration for those who are personally attending the meeting will start at 2:00 P.M. and end promptly at 3:00 P.M. All stockholders who will not, are unable, or do not expect to attend the meeting in person are encouraged to fill out, date, sign and send a proxy to the Corporation at 5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City. All proxies should be received by the Corporation **at least three (3) days** before the meeting, or on or before **15 July 2014**. Proxies submitted shall be validated by a Committee of Inspectors on **16 July 2014** at 10:00 A.M. at the 5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City. For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

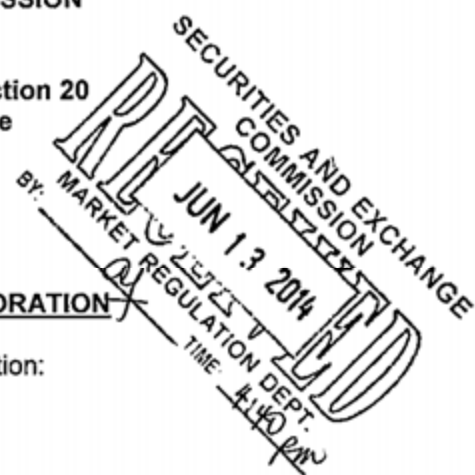
To avoid inconvenience in registering your attendance at the meeting, you or your proxy is requested to bring identification paper(s) containing a photograph and signature, e.g. passport, driver's license, or credit card.

City of Pasay, Metro Manila, 27 June 2014.

A BAYANI K. TAN
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

Information Statement Pursuant to Section 20
of the Securities Regulation Code



1. Check the appropriate box
 Preliminary Information Statement
 Definitive Information Statement
2. Name of Registrant as specified in its charter: SINOPHIL CORPORATION
3. Province, country or other jurisdiction of incorporation or organization:
Philippines
4. SEC Identification Number: AS093-009289
5. BIR Tax Identification Number: 003-457-827
6. Address of principal office and Postal Code:
5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City
7. Registrant's telephone number, including area code: (632) 662-8888
8. Date, time, and place of the meeting of security holders:

Date : 18 July 2014 (Friday)
Time : 3:00 P.M.
Venue : SMX Convention Center, Seashell Lane, Mall of Asia Complex, Pasay City
9. Approximate date on which the Information Statement is to be sent or given to security holders:
27 June 2014
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock	6,927,310,000 (as of 30 May 2014)
11. Are any or all of Registrant's securities listed on a Stock Exchange?

Common Shares	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Preferred Shares	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

If so disclose name of the Exchange: The Philippine Stock Exchange, Inc.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED
NOT TO SEND US A PROXY.

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GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders

- (a) Date - **18 July 2014 (Friday)**
Time - **3:00**
Place - **SMX Convention Center, Seashell Lane, Mall of Asia Complex, Pasay City, Metro Manila**

The approximate date on which the Information Statement will be sent or given to security holders is on **27 June 2014**.

- (b) The complete mailing address of the principal office of Sinophil Corporation (“the Company”) is:

5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City

Item 2. Dissenters’ Right of Appraisal

The matters to be voted upon in the Annual Stockholders’ Meeting on **18 July 2014** are not among the instances enumerated in Section 42 and 81, Title X of the Corporation Code whereby the right of appraisal, defined to be the right of any stockholder to dissent and demand payment of the fair value of his shares, may be exercised. The instances where the right of appraisal may be exercised are as follows:

1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code;
3. In case the Company decides to invest its funds in another corporation or business outside of its primary purpose; and
4. In case of merger or consolidation.

In case the right of appraisal will be exercised, Section 82 of the Corporation Code provides for the appropriate procedure, *viz*:

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares: Provided, That failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or affected, the corporation shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested

persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, That no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: and Provided, further, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) No person who has been a director or officer or a nominee for election as director of the Company or associate of such persons, has a substantial interest, direct or indirect, in any matter to be acted upon other than the election of directors for the year 2014-2015.
- (b) The Company is not aware of any director or security holder who intends to oppose any action to be taken by the Registrant during the stockholders' meeting.

CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) As of 30 May 2014, the Registrant had 6,927,310,000 common shares outstanding and each share is entitled to one vote.
- (b) The record date with respect to the determination of the stockholders entitled to notice of and vote at the Annual Stockholders' Meeting is **18 June 2014**.
- (c) With respect to the election of directors of seven (7) directors, each stockholder may vote such number of shares for as many as seven (7) persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by seven (7) shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by seven (7).
- (d) Security ownership of certain record and beneficial owners and management.

(1) Security Ownership of Certain Record and Beneficial Owners

The persons or groups identified in the table below are known to the Company as directly or indirectly the record or beneficial owners of more than five percent (5%) of the Company's voting securities as of May 31, 2014:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name and Address of Beneficial Owner and Relationship with Record Owner	Citizen-ship	No. of Shares Held	Percent
Common	Belle Corporation * 5/F Tower A, Two E-Com Center Palm Coast Ave., Mall of Asia Complex, CPB-1A Pasay City (a)	Belle Corporation	Filipino	3,492,916,828	44.062
Common	PCD Nominee Corp. (Filipino) ** G/F Makati Stock Exchange, 6767 Ayala Avenue, Makati City (b)	<i>(please see footnote)</i>	Filipino	1,470,352,741	18.548

* The shares held by Belle Corporation, being a corporate shareholder, shall be voted or disposed of, by the persons who shall be duly authorized by for the purpose. The natural person/s that has/have the power to vote on the shares of Belle shall be determined upon the submission of its proxy form to the Company, which is not later than three (3) days before the date of the meeting.

** PCD Nominee Corporation ("PCDNC") is a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD"). The beneficial owners of such shares registered under the name of PCDNC are PCD's participants who hold the shares in their own behalf or in behalf of their clients. The PCD is prohibited from voting these shares; instead the participants have the power to decide how the PCD shares in Sinophil are to be voted. As of May 31, 2014, there are no participants of PCD who own more than 5% of the Company's outstanding capital.

(2) Security Ownership of Management

The following table shows the shares beneficially owned by the directors and executive officers of the Company as of May 31, 2014:

Title of Class	Name of Beneficial Owner	Amount* and Nature of Beneficial Ownership	Citizenship	Percent
Common	Frederic C. DyBuncio	1 Direct	Filipino	.00
Common	Manuel A. Gana	1 Direct	Filipino	.00
Common	Ricardo Leong	2 Direct	Filipino	.00
Common	Willy N. Ocier	1 Direct	Filipino	.00
Common	Jerry C. Tiu	1 Direct	Filipino	.00
Common	A.Bayani K. Tan	1 Direct	Filipino	.00
Common	Edmundo L. Tan **	1 Direct	Filipino	.00
Common	Arthur A. Sy **	20,001 Direct	Filipino	.00
Common	Virginia A. Yap	10,001 Direct	Filipino	.00
Common	Elizabeth Anne C. Uychaco **	10,001 Direct	Filipino	.00
Common	Rogelio R. Cabuñag **	20,001 Direct	Filipino	.00

* Number of shares

** Ceased to be members of the Board of Directors as of 21 April 2014.

(3) Voting Trust Holders of 5% or More

The Company is not aware of any party which holds any voting trust or any similar agreement for 5% or more of Sinophil's voting securities.

Changes in Control

Item 5. Directors and Executive Officers

Directors and Executive Officers

The names and ages of all the incumbent Directors, elected on 18 June 2013 during the Annual Stockholders' Meeting and who are to serve for a term of one (1) year until their successor shall have been duly elected and qualified, and the Executive Officers are:

<i>Name</i>	<i>Citizenship</i>	<i>Age</i>	<i>Position</i>	<i>Period Served</i>
Willy N. Ocier	Filipino	57	Chairman of the Board	6/25/99 - present
Manuel A. Gana	Filipino	56	President, COO & Director	7/28/10 - present
A. Bayani K. Tan	Filipino	58	Director & Corporate Secretary	6/23/98 - present
Frederic C. DyBuncio	Filipino	53	Director	4/23/12 - present
Ricardo Leong	Filipino	79	Independent Director	5/29/99 - present
Edmundo L. Tan	Filipino	67	Director	6/25/99-4/21/14
Jerry C. Tiu	Filipino	56	Independent Director	6/08/06 - present
Elizabeth Anne C. Uychaco	Filipino	58	Director	7/19/11/4/21/14
Virginia A. Yap	Filipino	62	Director	7/19/11 - present
Rogelio R. Cabuñag	Filipino	65	Director	7/19/11 – 4/21/14
Arthur A. Sy	Filipino	45	Director and Asst. Corporate Sec.	7/19/11 – 4/21/14 7/19/11 – present
Jackson T. Ongsip	Filipino	40	Comptroller	4/23/12 - present

The terms of office as members of the Board of Directors of Messrs. Edmundo L. Tan, Rogelio R. Cabuñag, and Arthur A. Sy, and Ms. Elizabeth Anne C. Uychaco expired upon the SEC's approval of the reduction of the Company's Board seats on 21 April 2014. Mr. Arthur A. Sy, however, shall continue on as the Corporation's Assistant Corporate Secretary.

BOARD OF DIRECTORS

The following are brief descriptions of the business experiences over the past five (5) years of the incumbent members of the Board.

All of the incumbent members of the Board have been nominated for re-election by the Nomination Committee.

Willy N. Ocier

Mr. Ocier is the Chairman of the Board of Sinophil. He is also the Chairman of the Board and Chief Executive Officer of APC Group, Inc., Tagaytay Midlands Golf Club, Inc. and Sinophil Leisure and Resorts Corporation, and the Chairman and President of Pacific Online Systems Corporation. He is one of the Vice Chairpersons of Belle Corporation and Highlands Prime, Inc. He is also the Vice Chairman of Tagaytay Highlands International Golf Club, Inc. Previously, he was the President and Chief Operating Officer of Eastern Securities Development Corporation.

Manuel A. Gana

Mr. Gana is a Director, and the President and Chief Operating Officer, of Sinophil. He is also concurrently the Executive Vice President and Chief Financial Officer of Belle, having joined Belle in 1997 as Vice President for Corporate Development and Special Projects. During 1997, Mr. Gana was also assigned to Sinophil, at which time he was appointed as the Vice President-Finance and Chief Financial Officer for MagiNet Corporation, a subsidiary of the Company at that time. He is a Director of Tagaytay Highlands International Golf Club, Inc. and Woodland Development Corporation, as well as a Director of Sinophil Leisure and Resorts Corporation. Previously, he was Director of Investment Banking at Nesbitt Burns Securities Inc. in New York. He also previously worked for Bank of Montreal and Merrill Lynch Capital Markets (both in New York), and for Procter & Gamble Philippine Manufacturing Corporation. Mr. Gana holds a Master of Business Administration degree from the Wharton School of the University of Pennsylvania, and degrees in Accounting and Economics from De La Salle University. He is a Certified Public Accountant.

Frederic C. DyBuncio

Mr. DyBuncio is a Director of Sinophil. He is currently a Director and the President and Chief Executive Officer of Belle Corporation, as well as a Senior Vice President of SM Investments Corporation. He was previously a career banker who spent over 20 years with JP Morgan Chase and its predecessor institutions. During his stint in the banking industry, he was assigned to various managerial/executive positions where he gained substantial professional experience in the areas of credit, relationship management and origination, investment banking, capital markets and general management. He has worked and lived in several major cities including New York, Seoul, Bangkok, Hongkong and Manila. He is concurrently the Vice Chairman of the Board and Chairman of the Executive Committee of Atlas Consolidated Mining and Development Corporation and Carmen Copper Corporation, the Chairman and CEO of Philippine Geothermal Production Company, Inc., the President, CEO and Director of APC Group, Inc., Director of Pacific Online Systems Corporation, Director of Tagaytay Highlands International Golf Club, Inc. and Director of Indophil Resources. He obtained his undergraduate degree in Business Management from Ateneo de Manila University, and his Master's Degree in Business Management from the Asian Institute of Management

Virginia A. Yap

Ms. Yap is a Director of Sinophil. She is also a Director of Belle Corporation and a member of Belle's Executive and Nomination Committees. Ms. Yap holds key positions in the SM Group of Companies, including being Treasurer of SM Development Corporation and Vice President – Office of the Chairman of the Board of Directors of SM Investments Corporation, SM Land, Inc. (formerly Shoemart, Inc.) and SM Retail Inc. She is also the Treasurer of Highlands Prime Inc. since August 22, 2002, as well as member of the Board of Directors since January 25, 2010, and a member of the Executive, Compensation and Remuneration, and Audit Committees therein. She holds a Bachelor of Science in Commerce (Major in Accounting) degree from the University of Mindanao. She has been connected with the SM Group of Companies for the last twenty-six years.

A. Bayani K. Tan

Mr. Tan has been a Director and the Corporate Secretary of the Corporation since December 1993. He is currently a Director, Corporate Secretary or both of the following reporting and/or listed companies: Asia United Bank Corporation¹ (February 2014-present as Corporate Secretary; June 2014 as Director), Belle Corporation (May 1994-present), Coal Asia Holdings, Inc. (July 2012-present), Destiny Financial Plans, Inc. (2003-present), Discovery World Corporation (March 2013 as Director, July 2003-present as Corporate Secretary), First Abacus Financial Holdings Corp. (May 1994 – present), I-Remit, Inc. (May 2007-present), Pacific Online Systems Corporation (May 2007-present), Philequity Balanced Fund, Inc. (March 2010-present), Philequity Dividend Yield Fund, Inc. (January 2013-present) Philequity Dollar Income Fund, Inc. (March 1999-present), Philequity Foreign Currency Fixed Income Fund, Inc. (March 2010-present), Philequity Fund, Inc. (June 1997-present), Philequity Peso Bond Fund, Inc. (June 2000-present), Philequity PSE Index Fund, Inc. (February 1999-present), Philequity Resources Fund, Inc. (March 2010-present), Philequity Strategic Growth Fund, Inc. (April 2008-present), TKC Steel Corporation (February 2007-present), Tagaytay Highlands International Golf Club, Inc. (November 1993-present), Tagaytay Midlands Golf Club, Inc. (June 1997-present), The Country Club at Tagaytay Highlands, Inc. (August 1995-present), The Spa and Lodge at Tagaytay Highlands, Inc. (December 1999-present), Vantage Equities, Inc. (January 1993-present) and Yehey! Corporation (June 2004-present). Mr. Tan is also a Director** and the Corporate Secretary of Sterling Bank of Asia Inc. since December 2006. Mr. Tan is the Managing Partner of

¹ Mr. Tan's directorship and appointment as Corporate Secretary in Asia United Bank is subject to clearance from the Bangko Sentral ng Pilipinas in view of his concurrent directorship and appointment as Corporate Secretary in Sterling Bank of Asia Inc. (A Savings Bank).

the law offices of Tan Venturanza Valdez (1988 to present), Managing Director/President of Shamrock Development Corporation (May 1988-present), Director of Destiny LendFund, Inc. (December 2005-present) and Pascual Laboratories, Inc. (March 2014-present), President of Catarman Chamber Elementary School Foundation, Inc. (August 2012-present), Managing Trustee of SCTan Foundation, Inc. (1986-present), Trustee and Treasurer of Rebisco Foundation, Inc. (April 2013-present) and Trustee and Corporate Secretary of St. Scholastica's Hospital, Inc. (February 2011-present). He is currently the legal counsel of Xavier School, Inc.

Mr. Tan holds a Master of Laws degree from New York University USA (Class of 1988) and earned his Bachelor of Laws degree from the University of the Philippines (Class of 1980) where he was a member of the Order of the Purple Feather (U.P. College of Law Honor Society) and ranked ninth in his class. Mr. Tan passed the bar examinations in 1981 where he placed sixth. He has a Bachelor of Arts major in Political Science degree from the San Beda College (Class of 1976) from where he graduated Class Valedictorian and was awarded the medal for Academic Excellence.

Ricardo Leong

Mr. Leong is an Independent Director of Sinophil. He obtained his Bachelor of Science degree in Mathematics from Fordham University, New York. He is currently a member of the Board of Directors of Flexo Manufacturing Corporation.

Jerry C. Tiu

Mr. Tiu is an Independent Director of Sinophil. He is also the President of Tagaytay Highlands International Golf Club, Inc., The Country Club at Tagaytay Highlands, Inc., Tagaytay Midlands Golf Club, Inc., The Spa & Lodge at Tagaytay Highlands, Inc., and Tagaytay Highlands Community Condominium Association, Inc. Concurrently, he is the Chairman of Mega Magazine Publishing, Inc., and former Director of the Manila Polo Club. He holds a Bachelor of Science degree in Commerce (Marketing) from the University of British Columbia.

Independent Directors

Messrs. Ricardo Leong and Jerry C. Tiu were elected as independent directors during the 23 April 2012 annual stockholders meeting to comply with the requirements set forth in Section 38 of the Securities Regulation Code.

The nomination, pre-screening and election of independent directors were made in compliance with the requirements of the Code of Corporate Governance and the Securities and Exchange Commission's Guidelines on the Nomination and Election of Independent Directors which have been adopted and made part of the Corporation's By-Laws.

The Nomination Committee constituted by the Company's Board of Directors, indorsed their respective nominations for re-election as independent directors given in favor of Messrs. Leong (by Mr. A. Bayani K. Tan), and Tiu (by Mr. Edmundo L. Tan). The Nomination Committee, composed of Willy N. Ocier (Chairman), Ricardo Leong and Manuel A. Gana, has determined that these nominees for independent directors possess all the qualifications and have none of the disqualifications for independent directors as set forth in the Company's Manual on Corporate Governance and Rule 38 of the Implementing Rules of the Securities Regulation Code (SRC).

The nominees, whose required information are discussed above (Board of Directors section), are in no way related to the stockholders who nominated them and have signified their acceptance of the nominations. These nominees are expected to attend the scheduled Annual Stockholders' Meeting.

Executive Officers

(Please refer to the profiles of Messrs. Gana, Tan and Sy under the discussion on Board of Directors)

Jackson T. Ongsip

Mr. Ongsip is the Comptroller of the Company. He graduated from the University of Santo Tomas with a Bachelor of Science in Accountancy. He is a Certified Public Accountant. He is currently an Assistant Vice President- Portfolio Investments of SM Investments Corporation. He is also the Comptroller of APC Group, Inc., an affiliate of Sinophil Corporation.

Significant Employees

There are no other significant employees.

Family Relationships

No director and/or executive officer of Sinophil are related up to the fourth degree by affinity or consanguinity.

Involvement in Certain Legal Proceedings

As a result of the delay in the delivery of the facilities of the Universal Leisure Club, Inc. (ULC), some of its members have initiated legal actions against ULC, the Universal Rightfield Property Holdings, Inc. (URPHI) and the Universal Leisure Corp. (ULCorp), as well as their respective incumbent and former officers and directors, including their former Corporate Secretary,

Atty. A. Bayani K. Tan, the incumbent Corporate Secretary of Sinophil. The cases filed include: (i) a Complaint for Syndicated Estafa (docketed as I.S. No. 02-50443-F) which was dismissed on 18 June 2003 by the City Prosecutor of Mandaluyong City for lack of probable cause and which dismissal was affirmed on 26 May 2004 by the Department of Justice on a Petition for Review filed by the complainants therein; (ii) a criminal case for Estafa and Large-Scale Swindling (docketed as Criminal Case No. Q02-114052) before the Regional Trial Court (RTC) of Quezon City. This case was dismissed by the RTC in its Omnibus Order dated 29 November 2005, which dismissal was affirmed with finality on 22 February 2007 by the RTC due to complainant's failure to file a proper notice of appeal within the prescribed period. (iii) Civil actions for breach of contract and/or annulment of contract, specific performance, quieting of title and reimbursement, damages with request for receivership and preliminary attachment (Civil Case Nos. MC03-075, MC03-077, and MC04-082) before the RTC of Mandaluyong City, which cases have been settled and the RTC Mandaluyong has on March 6, 2006, promulgated a Joint Decision approving the settlement agreement. However, while the main cases have been settled, a group of UCL members who were not included in the settlement and are not in favor of its terms have initiated suit to nullify the same. RTC Mandaluyong has rejected moves to assail the settlement, prompting this group to elevate their complaint to the Court of Appeals, The Court of Appeals partially granted the group's prayer and revived the writs of attachment and garnishment but only to such extent as to cover the remaining claims (₱10,423,724.00), which ruling was opposed by the Supreme Court in its Resolution dated 16 November 2009. On October 11 2012, the same group of people who were not included in the settlement-filed a Motion for Re-Issuance of Writs of Attachment and Garnishment in SEC Case No. MC-03-075, which the RTC-Mandaluyong, Branch 211 granted in an Order dated 28 November 2013. This Order is still the subject of a Motion for Reconsideration which is set to be heard by the Court on 28 February 2014.

Except as provided above, the Company is not aware of any of the following events wherein any of its directors, nominees for election as director, executive officers, underwriter or control person were involved during the past five (5) years:

- (a) any bankruptcy petition filed by or against any business of which any of the above persons was a general partner or executive officers either at the time of the bankruptcy or within two years prior to that time;
- (b) any conviction by final judgment in a criminal proceeding, domestic or foreign, or any criminal proceeding, domestic or foreign, pending against any of the above persons;
- (c) 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 the involvement of any of the above persons in any type of business, securities, commodities or banking activities; and,
- (d) any finding a domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, that any of the above persons has violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Certain Relationships and Related Transactions

No director or executive officer or any member of their immediate family has, during the last two years, had a direct or indirect, material interest in a transaction or proposed transaction to which the Company was a party.

As summarized and disclosed in the corporation's consolidated financial statements, in the ordinary course of business, the Company has transactions with related parties which consist mainly of extension or availment of noninterest-bearing advances to Belle Corporation and Belle Bay City. The Company's advances for Belle Bay City, a company currently in liquidation, were in payment for cash calls made by the latter to cover payment of real estate taxes and other costs relating to the Company's prospective share in the remaining assets of Belle Bay City; while the advances for Belle Corporation was a result of an off-setting arrangement among the Company, Belle Corporation and the lessor of Belle Corporation's offices. The outstanding balances at year-end are due and demandable. There have been no guarantees provided or received for any related party receivables or payables. Aside from these transactions, the Company has no other significant transactions that need to be disclosed.

The related party transactions are described in Note 15 (Related Party Transactions) of the Notes to the Consolidated Financial Statements.

Disagreement with Director

No director has resigned nor declined to stand for re-election to the Board of Directors since the date of the last annual meeting of stockholders because of a disagreement with the Company on any matter relating to the latter's operations, policies, or practices.

Item 6. Compensation of Directors and Executive Officers

Summary of Annual Compensation

Name and Principal Position	Year	Salary	Other Annual Compensation	Total Annual Compensation
Willy N. Ocier, Chairman of the Board Manuel A. Gana, President and COO Jackson T. Ongsip Comptroller				
All officers and directors as a Group (Unnamed)	2014*	1,171,236	184,236	1,355,472
	2013	1,171,236	184,236	1,355,472
	2012	1,179,878	175,594	1,355,472

* Compensation based on estimates only

Except as provided above, there are no other officers of the Company receiving compensation.

Compensation of Directors

All independent directors get a per diem of ₱30,000.00 each while other directors get a per diem of ₱5,000.00 each per meeting.

Employment Contracts and Termination of Employment and Change in Control Arrangements

There was no compensatory plan or arrangement with respect to named executive officers that resulted or will result from the resignation, retirement or termination of such executive officer or from a change-in-control in the Company.

Warrants and Options Outstanding

None.

Item 7. Independent Public Accountants

- (a) The Company's external auditors for 2013-2014, SyCip, Gorres, Velayo & Co. (SGV) and the partner-in-charge Ms. Claima T. Managey, will be recommended for re-appointment as such for the current year subject to the rotation of audit partner requirement.
- (b) Representatives of SGV are expected to be present at the Annual Meeting to respond to appropriate questions and will be given the opportunity to make a statement if they so desire.
- (c) There was no event in the past five (5) years where SGV and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.
- (d) In compliance with SRC Rule 68 3 (b) (iv), the assignment of SGV's engagement partner for the Company shall not exceed five (5) consecutive years.
- (e) The aggregate fees paid by the Company for professional services (including Value Added Tax) rendered by the external auditor for the audit of financial statements for the years ended December 31, 2013 and 2012 are as follows:

	(P000's omitted)
2013	P342
2012	P295

There were no other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements. The rotation of independent auditors and the two-year cooling off period has been observed in the audit of the Company's financial statements for the period 2013 and 2012.

- (f) The Audit Committee, composed of Jerry C. Tiu (Chairman), Manuel A. Gana, Frederic C. Dybuncio, Virginia A. Yap, and Arthur A. Sy, recommends to the Board of Directors the appointment of the external auditors. The Board of Directors and the stockholders approve the Audit Committee's recommendation. The Executive Committee approves the audit fees as recommended by the Management Committee.

OTHER MATTERS

Item 15. Action with Respect to Reports

The Company will seek the approval by the stockholders of the Minutes of the 18 June 2013 Stockholders' Meeting during which the following matters were taken up: (1) Call to Order, (2) Proof of Notice of Meeting, (3) Certification of Quorum, (4) Approval of the Minutes of the Previous Stockholders Meeting, (5) Approval of 2012 Operations and Results, (6) Ratification or all Acts of the Board of Directors and Officers (7) Election of Directors, (8) the Appointment of SyCip Gorres Velayo & Co. as External Auditors, (9) Other Matters and (10) Adjournment.

The Company will also seek approval by the stockholders of the 2013 Operations and Reports contained and discussed in the annual report attached and made part of this Information Statement. Approval of the reports will constitute approval and ratification of the acts of management and of the Board of Directors for the past year.

Item 16. Matters Not Required to be Submitted

No action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. Amendment of Articles of Incorporation

The following amendments to the Corporation's Articles of Incorporation and By-Laws will be presented for approval by the shareholders:

1. the corporate name shall be changed from Sinophil Corporation to "Premium Leisure Corp."
2. Article Two of the Company's charter shall be amended to change the primary purpose of the corporation to authorize it to engage in and/or invest in gaming-related businesses.
3. the authorized capital stock of the Corporation provided in Article VII shall be increased from 16,130,000,000 to 43,630,000,000 or by 27,500,000,000 Common Shares.

4. the Corporation's principal office stated in Article Three of its Articles of Incorporation shall be changed from "Metro Manila" to "5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City, Metro Manila" in compliance with SEC Memorandum Circular No. 6, Series of 2014.

The foregoing proposed amendments were approved by the Board of Directors on 2 June 2014 in line with the decision for the Corporation to take on the gaming business of the Belle Group. A brief background on the prospective investments of Sinophil in the gaming business is discussed in the Management Report which is made an integral part of this Information Statement.

Item 18.. Other Proposed Actions

The following are to be proposed for approval during the stockholders' meeting:

1. Minutes of the Previous Meeting of Stockholders
2. 2013 Operations and Results
3. Ratification of all Acts of the Board of Directors and Officers
4. Election of Directors for 2014-2015
5. Appointment of SyCip Gorres Velayo & Co. as External Auditors
6. Other Matters

The items covered with respect to the ratification of the acts of the Board of Directors and officers for the past year up to the date of the meeting will include, among others:

1. The sale of the corporation's non-gaming assets to Belle consisting of Membership Shares in Tagaytay Midlands Golf Club; a lot located within the Aseana Business Park; parcels of land in the Tagaytay Midlands Complex; and undeveloped land located in Tanauan City, Batangas;
2. Acquisition of Belle's interests in Premium Leisure and Amusement, Inc. (PLAI) and Pacific Online Systems Corporation (POSC).

Item 19. Voting Procedures

- (a) The amendment of the Articles of Incorporation requires the vote of two-thirds (2/3) of the Company's outstanding capital stock while other actions to be taken at the Annual Stockholders' Meeting shall require the vote of the stockholders representing at least a majority of the Company's outstanding capital stock.
- (b) Two inspectors, who shall be officers or employees of the Corporation, shall be appointed by the Board of Directors before or at each meeting of the stockholders, at which an election of directors shall take place; if no such appointment shall have been made or if the inspectors appointed by the Board of Directors refused to act or fail to attend then the appointment shall be made by the presiding officer of the meeting.
- (c) Stockholders may vote at all meetings either in person or by proxy duly given in writing in favor of any person of their confidence and each stockholder shall be entitled to one vote for each share of stock standing in his name in the books of the corporation; provided, however, that in the election of Directors, each stockholder shall be entitled to cumulate his votes in the manner provided for by law.
- (d) The By-Laws of the Company is silent as to the method by which votes are to be counted. In practice, however, the same is done by the raising of hands or *viva voce*.
- (e) With respect to the election of seven (7) directors, each stockholder may vote such number of shares for as many as seven (7) persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by seven (7) shall equal, or he

may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by seven (7).

- (f) Upon confirmation by the inspectors that there is a mathematical impossibility for certain nominees to be elected into office based on proxies held and votes present/represented in the meeting, the actual casting and counting of votes for the election of Directors may be dispensed with.

Omitted Items

Items 8, 9, 10, 11, 12, 13, and 14 are not responded to in this report, the Company having no intention to take any action with respect to the information required therein.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I hereby certify that the information set forth in this report is true, complete and correct.

This report is signed in the City of Pasay, Metro Manila on 13 June 2014.

MANUEL A. GANA
President

MANAGEMENT REPORT
SINOPHIL CORPORATION
BUSINESS AND GENERAL INFORMATION

Background

Sinophil Corporation (“Sinophil” or the “Company”) was incorporated as Sinophil Exploration Co., Inc. on November 26, 1993. Sinophil was organized with oil and gas exploration and development as its primary purpose. The Company and other companies (Contractors), were participants in several Geophysical Survey and Exploration Contracts and Non-Exclusive Geophysical Permits entered into with the Philippine Government, through the Department of Energy, covering certain petroleum contract areas in various locations. It also had passive equity investments in Dragon Oil Plc (Dragon Oil) and Sinoil Asia Limited (Sinoil). In 1996, with investor interest in oil exploration and mining companies remaining generally soft, the Company’s management recommended conversion of Sinophil from an oil exploration company to an investment holding company. In line with the Company’s decision to change its primary purpose, the Company assigned its interests in Dragon Oil and Sinoil to Belle Corporation (“Belle”) and/or its subsidiaries. To finance the Company’s projects, acquisitions and investments in 1997, private placements of Sinophil’s shares were made to several investors, both in the country and overseas.

On June 3, 1997, the Securities and Exchange Commission (SEC) approved the Company’s application for a change in primary purposes from oil and gas exploration and development to being an investment holding company. As an investment holding firm, it shall engage in the acquisition (by purchase, exchange, assignment or otherwise), ownership and use for investment any and all properties and other assets of every kind and description.

On June 2, 2014, the Board of Directors of the Company approved a plan to take on the gaming business and interests of Belle Corporation (the “Investment Plan”) by authorizing the following:

a. Sale to Belle of Non-Gaming Assets

Consistent with the decision for the Corporation to take on the gaming business, the Corporation was also authorized to sell to Belle its non-gaming related assets consisting of the following:

- i. Membership shares in Tagaytay Midlands Golf Club, Inc.
- ii. A lot with gross area of 4,348 square meters located within the Aseana Business Park at the Manila Bay Reclamation Area.
- iii. Several parcels of land in The parks at Saratoga Hills within the Tagaytay Midlands Complex.
- iv. Undeveloped land located in the City of Tanauan, Province of Batangas.

The terms of the corporation’s sale of its non-gaming assets will still be subject to further negotiations between the corporation and Belle.

b. Acquisition of Belle’s Interest in PremiumLeisure and Amusement, Inc. (PLAI) and Pacific Online Systems Corporation (LOTO)

The Corporation has been authorized to acquire from Belle:

- i. All of the latter’s interest in the outstanding capital of PremiumLeisure and Amusement, Inc. (“PLAI”).

- ii. The equivalent, initially, of 34.5% of the present outstanding capital of Pacific Online Systems Corporation (“LOTO”).

The terms of the proposed acquisition by the Company of Belle’s shares in PLAI and LOTO are in the process of being finalized and will be subject to approval by the Company’s shareholders

Investments

The Company has invested, or will invest, in various companies involved in gaming, property development, pay-per-view entertainment and information systems.

- 1. Proposed investment in Premium Leisure and Amusement, Inc. (“PLAI”)

PLAI was acquired by Belle Corp. on April 14, 2011 and is a co-grantee by the Philippine Amusement and Gaming Corporation (“PAGCOR”) of a Certificate of Affiliation and Provisional License (the “License”) to operate integrated resorts, including casinos, in the vicinity of the Bagong Nayong Pilipino Manila Bay Entertainment City (“PAGCOR Entertainment City”) and the Newport City Integrated Resort. PLAI’s License runs concurrent with PAGCOR’s Congressional Franchise, which expires in 2033 unless renewed for another 25 years by the Philippine Congress.

On October 25, 2012, Belle Corp., together with PLAI, formally entered into a Cooperation Agreement with Melco Crown Entertainment Limited (“MCE”), which took effect on March 13, 2013, the date on which the conditions to closing under the Closing Arrangement Agreement were fulfilled, or waived. The Cooperation agreement places Belle as a co-licensee and the owner of the integrated resort’s land and buildings, while MCE will also be a co-licensee and the operator of all the facilities within the resort complex. Essentially, Belle Corp, as a lessor, entered into a lease agreement with MCE Leisure for the lease of land and building structures to be used in the integrated casino development project. PLAI, on the other hand, will receive a share of the integrated resort’s gaming revenues.

In October 2013, MCE announced the rebranding of the integrated resort as “City of Dreams Manila”, after its successful flagship City of Dream resort in Macau’s Cotai Strip. Construction of the facility, located along Roxas Boulevard and Aseana Avenue in Parañaque City, is currently in full swing and the Grand Opening is expected in the early part of Q4 2014. The facility will have ~950 hotel rooms from 6 towers. It will have 22,507 square meters of gaming gross floor area from a total gross floor area of 300,097 square meters. It will also include ~ 20,000 square meters of retail and restaurant facilities and various entertainment options. Moreover, following amendments to PAGCOR’s regulations, the City of Dreams Manila is anticipated to be able to operate the following:

Parameters	Previous Allotment	Current Allotment
Number of mass & VIP tables	242	365
Number of slot machines	1,450	1,680
Number of electronic table games	-	1,680

MCE, a company listed in the Hong Kong Stock Exchange, whose major shareholders are Melco International Development Limited and Crown Limited, is a developer and owner of integrated resort facilities focused on the Macau market. Its operating complex in Macau’s Cotai Strip, known as the “City of Dreams”, is a highly successful project that houses a gaming facility, a Crown Hotel, a Grand Hyatt Hotel, a Hard Rock Hotel and an upscale retail operation, along with a mix of bars and restaurants that are drawing crowds mainly from Hong Kong and China. The “City of Dreams” is also known for its spectacular show called “The House of Dancing Water”, which has become one of Macau’s major tourist attractions. MCE is building its second integrated resort in Macau called “Studio City”. The Cooperation

Agreement governs the parties' development and operation of the City of Dreams Manila integrated resort complex.

Overall, the Company has a very positive outlook on this opportunity. The Company, which has been a dormant holding company for quite some time, will now be at the forefront of a very profitable and vibrant industry. This transformation is projected to benefit the Company's shareholders in the near to long-term as it is expected to enjoy the benefits of one of the fastest growing gaming industries in Asia.

PAGCOR projects gaming revenues to be at USD 6Bn to 7Bn in five years (from USD 2.2Bn in 2013).

2. Proposed investments in Pacific Online Systems Corporation ("LOTO')

Pacific Online Systems Corporation, with PSE ticker symbol LOTO was incorporated in 1993. A systems integrator of gaming solutions, it primarily, leases online betting equipment to the Philippine Charity Sweepstakes Office (PCSO) for their lottery operations and has been consistently profitable since its fiscal year 2002.

LOTO listed its shares on the Philippine Stock Exchange with a successful initial public offering on April 12, 2007. A total of 39.8 million shares were offered to the public at P8.88 per share. Because of high demand for LOTO shares, it opened in the market at P13.25 per share on the listing date. Belle effectively owns 50.1% of LOTO currently. Under the Investment Plan, Sinophil will be purchasing 34.5% of LOTO from Belle.

3. 40% equity in Legend International Resorts (H.K.) Limited ("LIR-HK")

Legend International Resorts (H.K.) Limited ("LIR-HK") was the owner and operator of the Subic Legend Resorts & Casinos and The Subic Legenda Hotel, and had a franchise to operate casinos in the Subic Bay Special Economic Zone, prior to 2006. However, in May 2006, the Philippine Amusement and Gaming Corporation (PAGCOR), ordered the immediate discontinuance of LIR-HK's casino operations. In 2009, the Subic Bay Metropolitan Authority (SBMA) revoked LIR-HK's lease on The Subic Legenda Hotel.

In March 1997, the Company entered into a Share Swap Agreement ("Swap Agreement") with Paxell Limited and Metroplex Berhad (Malaysian companies collectively referred to as "Metroplex"). Metroplex is a listed company in Malaysia that was involved in property development and casino operations in the Philippines through its subsidiary, LIR-HK. Through the Swap Agreement with Metroplex, the Company acquired forty (40%) percent equity in LIR-HK and other minority shareholders of LIR-HK, resulting in these investors owning 35.5% of Sinophil. Under the parties' agreement, the Company and Metroplex were to jointly pursue future casino and casino-related activities in the Philippines.

On August 23, 2001, a Memorandum of Agreement (MOA) was entered into by and among Belle, Sinophil, Metroplex and LIR-HK rescinding the Swap Agreement and cancelling all obligations stated therein and reversing all the transactions as well as returning all the objects thereof in the following manner:

- a. Metroplex shall surrender the certificates of Sinophil shares held by them in relation to the Swap Agreement. Belle shall then cause the reduction of the capital stock of Sinophil to the extent constituting the Sinophil shares of stock surrendered by Metroplex and the cancellation and delisting of such shares from the Philippine Stock Exchange (PSE).

b. Sinophil shall surrender the LIR-HK shares back to Metroplex.

The Company recognized full impairment loss amounting to ₱1,501,521,316 in its consolidated statement of comprehensive income in 2012, representing the remaining book value of its investment in LIR-HK. As of May 31, 2014, all 3.87 billion Sinophil shares formerly owned by Metroplex have been cancelled and the Company has reversed the impairment loss reserve of ₱1,501,521,316.

4. 3.75% equity in Metro Manila Turf Club, Inc. ("MMTC")

MMTC has a congressional franchise for horse racing, which was granted in 1995.

5. Foundation Capital Resources, Inc. ("FCRI") – 100% subsidiary

FCRI was registered with the SEC on February 8, 1994 primarily to invest in, purchase, or otherwise acquire and own, hold, use, develop, lease, sell, assign, transfer, mortgage, pledge, exchange, operate, enjoy or otherwise dispose of, securities and other investments as may be permitted by law. It is presently still inactive.

6. Sinophil Leisure and Resorts Corporation ("SLRC") – 100% subsidiary

SLRC was registered with the SEC on December 27, 2007 primarily to conduct, maintain, operate and/or invest in amusement, entertainment and recreation businesses, including games of chance and skills, which may be allowed by law within the territorial jurisdiction of the Philippines. It is presently still inactive.

Financial Performance

The Company derives its revenues primarily from investment activities, as follows:

Year ended December 31,	2013	2012
Gain on liquidating dividend	₱ 0	₱ 33,324,175
Interest income from cash in bank	1,043	1,160
	₱ 1,043	₱ 33,325,335

Employees

The Company is a holding company whose business is not manpower intensive; hence, its transactions are extremely manageable through temporary secondment of personnel from its affiliates on an as needed basis. This arrangement is also resorted to in keeping with austerity measures adopted due to present economic conditions. These personnel seconded to the Company are not subject to Collective Bargaining Agreements.

Competition

Sinophil is an investment holding company. In the past, the Company has had past investments in various entities involved in gaming, property development, and pay-per-view entertainment and information systems.

Properties

The Company and its subsidiaries have real estate properties recorded as an investment property. These properties are not subject to mortgage, lien and encumbrances. Please refer to Note 10 of Notes to Financial Statements.

Legal Proceedings

To the best of the Company's knowledge, aside from what has already been mentioned in the preceding Item 1 ("Business") and in Item 11.4 ("Change in Control"), neither the Company nor any of its subsidiaries or affiliates is a party to, nor are they involved in, any litigation that will materially affect its interests.

Submission of Matters to a Vote of Security Holders

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

OPERATIONAL AND FINANCIAL INFORMATION

Market for Registrant's Common Equity and Related Stockholder Matters

MARKET INFORMATION

The principal market where the registrant's common equity is traded is the Philippine Stock Exchange (PSE). The high and low sales prices for each quarter within the last two fiscal years of the registrant's common shares, as quoted on the PSE, are as follows:

STOCK PRICES

	HIGH	LOW
2013		
First Quarter	0.500	0.310
Second Quarter	0.420	0.290
Third Quarter	0.320	0.280
Fourth Quarter	0.300	0.260
2012		
First Quarter	0.420	0.335
Second Quarter	0.365	0.300
Third Quarter	0.370	0.300
Fourth Quarter	0.330	0.310

As of December 31, 2013, Sinophil's market capitalization on 6,927,310,000 outstanding shares in the PSE amounted to ₱2,043,556,450 based on the closing price of ₱0.295 per share

As of the end of the trading day on 10 June 2014, Sinophil's market capitalization on 6,927,310,000 outstanding shares in the PSE amounted to ₱ 8,382,045,100.00 based on the closing price of ₱ 1.21 per share

SECURITY HOLDERS

The number of shareholders of record as of 31 May 2014 was 583. Common shares outstanding as of 31 May 2014 were 6,927,310,000.

Top 20 shareholders as of 31 May 2014:

Rank	Name	Citizen-ship	Total	Percentage of Ownership
1	BELLE CORPORATION	FILIPINO	3,492,916,824	50.42%
2	PCD NOMINEE CORP. (FILIPINO)	FILIPINO	1,470,352,741	21.23%
3	INTEGRATED HOLDINGS, INC.	FILIPINO	320,000,000	4.62%
4	COMPACT HOLDINGS, INC.	FILIPINO	190,000,000	2.74%
5	TIMPANI INTERNATIONAL LIMITED	FILIPINO	158,460,000	2.29%
6	FOUNDATION CAPITAL RESOURCES, INC.	FILIPINO	156,530,000	2.26%
7	PCD NOMINEE CORP. (OTHERS)	OTHERS	152,187,375	2.20%
8	ELITE HOLDINGS, INC.	FILIPINO	151,400,000	2.19%
9	INPILCOM, INC.	FILIPINO	150,000,000	2.17%
10	SYSMART CORPORATION	FILIPINO	128,270,000	1.85%
11	APC GROUP, INC.	FILIPINO	100,000,000	1.44%
12	RICHOLD INVESTOR CORPORATION	FILIPINO	100,000,000	1.44%
13	SYSMART DEVELOPMENT CORP.	FILIPINO	100,000,000	1.44%
14	SYNTRIX HOLDINGS, INC.	FILIPINO	74,040,000	1.07%
15	EASTERN SEC. DEV. CORP.	FILIPINO	20,932,000	0.30%
16	EAST PACIFIC CORP. (2)	FILIPINO	16,600,000	0.24%
17	PARKORAM DEVELOPMENT LIMITED	FILIPINO	14,264,119	0.21%
18	PHILIPPINE REALTY AND HOLDINGS CORP.	FILIPINO	14,264,119	0.21%
19	PARALLAX RESOURCES, INC.	FILIPINO	13,823,500	0.20%
20	OSCAR S. CU ITF ANTHONY CU	FILIPINO	10,430,000	0.15%

DIVIDENDS

No dividends were declared from the date of incorporation to the date of this report. The Company's ability to pay dividends on common equity depends on the existence of unrestricted retained earnings.

RECENT SALES OF UNREGISTERED SECURITIES

There were no unregistered securities sold within the past three (3) years and there were also no sales of reacquired securities, as well as new issuances of additional shares of stock, securities issued in exchange of property, services, other securities, and new securities resulting from the modification of outstanding securities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING PERFORMANCE AND FINANCIAL CONDITION

Analysis of Results of Operation and Financial Condition – 2013 compared to 2012

(Amounts in Pesos, except percentages)	For the year ended December 31		Horizontal Analysis		Vertical Analysis	
	2013	2012	Increase (Decrease)		2013	2012
			Amount	%		
INCOME						
Interest income from cash in bank	1,043	1,160	(117)	-10%	100%	100%
Gain on liquidating dividend	-	33,324,175	(33,324,175)	-100%	100%	100%
	1,043	33,325,335	(33,324,292)	-100%	100%	100%
GENERAL AND ADMINISTRATIVE EXPENSES	(8,735,710)	(6,913,678)	1,822,032	26%	-837211%	-21%
PROVISION FOR IMPAIRMENT OF AVAILABLE-FOR-SALE FINANCIAL ASSETS	-	(1,585,088,316)	(1,585,088,316)	-100%	0.00%	-4756%
LOSS BEFORE INCOME TAX	(8,734,667)	(1,558,676,659)	(1,549,941,992)	-99%	-837111%	-4677%
PROVISION FOR CURRENT INCOME TAX	-	9,376,689	9,376,689	-100%	0%	28%
NET LOSS	(8,734,667)	(1,568,053,348)	(1,559,318,681)	-99%	-837111%	-4705%
OTHER COMPREHENSIVE INCOME (LOSS)						
Mark-to-market gains (losses) on available-for-sale financial assets during the year	(20,800,737)	94,833,460	(115,634,197)	-122%	-1993496%	285%
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	(29,535,404)	(1,473,219,888)	1,443,684,484	-98%	-2830607%	-4421%

Sinophil incurred a consolidated net loss of ₱8.7 million for the year ended December 31, 2013, which compares to a consolidated net loss of ₱1,568.1 million for the year ended December 31, 2012. In 2012, an impairment loss was recorded amounting to ₱ 1,585.1 million due to the decrease in the recoverable value of investments in the Company's available-for-sale investments, principally the remaining book value of ₱ 1,501.5 million in LIR-HK. The foregoing impairment loss of the Company in 2012 was partially offset by its gain from the liquidating dividend on its investment in Belle Bay City Corporation amounting to ₱33.3 million. No impairment loss provision was necessary in 2013.

	December		Horizontal Analysis		Vertical Analysis	
	2013	2012	Increase (Decrease)		2013	2012
			Amount	%		
ASSETS						
Cash in bank	925,039	789,884	135,155	17%	0%	0%
Receivables and others	26,201,799	30,036,723	(3,834,924)	-13%	1%	1%
Other asset	65,501,280	-	65,501,280	0%	3%	0%
Available-for-sale financial assets	1,580,820,800	1,601,621,537	(20,800,737)	-1%	76%	79%
Investment Properties	394,210,452	394,210,452	-	0%	19%	19%
Total Assets	2,067,659,370	2,026,658,596	41,000,774	2%	100%	100%
LIABILITIES AND EQUITY						
Liabilities						
Accrued expenses and other current liabilities	53,321,503	53,367,070	(45,567)	0%	3%	3%
Income tax payable	-	2,854,689	(2,854,689)	-100%	0%	0%
Due to Belle Corporation	179,011,579	105,650,145	73,361,434	69%	9%	5%
Total Liabilities	232,333,082	161,871,904	70,461,178	44%	11%	8%
Equity						
Capital stock	7,927,310,000	7,927,310,000	-	100%	383%	391%
Additional paid-in capital	2,039,727,799	2,039,727,799	-	100%	99%	101%
Subscription receivable	(4,962,580,586)	(4,962,655,586)	75,000	0%	-240%	-245%
Cost of Parent Company shares held by a subsidiary	(512,594,197)	(512,594,197)	-	100%	-25%	-25%
Other reserves	315,951,765	336,752,502	(20,800,737)	-6%	15%	17%
Deficit	(2,972,488,493)	(2,963,753,826)	(8,734,667)	0%	-144%	-146%
Net Equity	1,835,326,288	1,864,786,692	(29,460,404)	-2%	89%	92%
Total Liabilities and Equity	2,067,659,370	2,026,658,596	41,000,774	2%	100%	100%

Total assets increased by P41.0 million (2%), to P2,067.7 million as of December 31, 2013, from

P2,026.7 million as of December 31, 2012, mainly due Sinophil's receipt from Belle Corporation of 17 lots in The Parks at Saratoga Hills with a market value of approximately P 65.5 million, in accordance with a Memorandum of Agreement executed by Belle and Sinophil on August 28, 2009 and amended on April 5, 2013 (the "Settlement Agreement"). The Settlement Agreement was executed between Belle and the Company relative to the proposed settlement of the 1 billion Belle Preferred shares held by Sinophil and dividends receivable therefrom. The Settlement Agreement provides, among others, the following: (i) the transfer by Belle Corporation or its designee to Sinophil of 220 shares of Tagaytay Midlands Golf Club, Inc. ("TMGC") and 220 saleable lots in a future project in Tanauan, Batangas at prevailing market rates (The "Future Project"); (ii) in consideration for the TMGC shares, Sinophil renounced all past, present and future dividends on Belle preferred shares held by it; and (iii) the eventual cancellation of the Belle preferred shares held by the Company upon receipt by it of saleable lots in the Future Project, which were intended to be completed by Belle by August 2014. On April 5, 2013, Belle and the Company executed an amendment to the Settlement Agreement stipulating an immediate payment by Belle of property (e.g. the 17 lots in The Parks at Saratoga Hills) and an undertaking by Belle to arrange for the conversion and titling of 36 hectares of land owned by Sinophil in Tanauan, Batangas. In exchange, the Company agreed to extend the delivery of sealable lots in the Future Project to August 28, 2019, which lots are to have a total valuation of approximately P794 million.

The Company's total liabilities increased by P70.5 million (44%), to P232.3 million as of December 31, 2013 from P161.9 million as of December 31, 2012, mainly due to the

acquisition of 17 lots in The Parks at Saratoga Hills from Belle. This and other amounts Due to Belle will be reversed upon final settlement of the 1 billion Belle Preferred Shares under the Settlement Agreement, which is stipulated to occur by August 28, 2019.

The Company's equity decreased by P29.5 million (2%) from P1,864.8 million as of December 31, 2012 to P1,835.3 million as of December 31, 2013, due to P20.8 million in unrealized mark-to-market losses on Available-for-Sale ("AFS") financial assets and the P8.7 million net loss during 2013. The mark-to-market losses on AFS financial assets during 2013 arose from the decrease in market value of the Company's 100 million Belle common shares as of December 31, 2013, compared to December 31, 2012.

Aside from what has been mentioned in the foregoing, there were no significant elements of income or loss that arose from continuing operations, nor were there any seasonal events that had a material effect on the results of operations, of Sinophil during 2013.

In 2013, the Company's stockholders approved the amendments to its Articles of Incorporation to reduce the par value of the Company's common and preferred shares from P1.00 per share to P0.25 per share. Upon approval by the Securities and Exchange Commission ("SEC") of the Company's quasi-reorganization, the additional paid in capital arising from the reduction in par value will be subsequently applied against the Company's accumulated deficit. As at March 11, 2014, the Company is still in the process of filing appropriate applications with the SEC for quasi-reorganization.

Below are the comparative key performance indicators of the Company and its majority-owned subsidiaries:

	Manner by which the financial ratios are computed	Dec. 31, 2013	Dec. 31, 2012
Current ratio	Current assets over current Liabilities	1.74 : 1.00	0.55 : 1.00
Return on assets	Net loss over average total assets during the period	(0.43%)	(56.78%)
Return on equity	Net loss over average equity during the period	(0.47%)	(60.28%)
Asset-to-equity ratio	Total assets over total equity	1.13:1.00	1.09:1.00
Debt to equity ratio	Total debt over total equity	Not applicable	Not applicable
Interest rate coverage ratio	Earnings before interest and taxes over interest expense	Not applicable	Not applicable

The Company does not foresee any cash flow or liquidity problems over the next 12 months. The Company has no borrowings from banks or institutional investors.

No material off-balance sheet transactions, arrangements, obligations, and other relationships of the Company with unconsolidated entities were created during the year.

As of December 31, 2013, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Company;
- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Company's continuing operations;
- Seasonal aspects that had a material impact on the Company's results of operations; and

Material changes in the financial statements of the Company during the years ended December 31, 2012 and December 31, 2013

The Company does not foresee any liquidity problem over the next 12 months. The key performance indicators of the Company have not changed materially as compared to the same period last year.

As of March 31, 2013, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Company;
- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Company's continuing operations;
- Seasonal aspects that had a material impact on the Company's results of operations; and
- Material changes in the financial statements of the Company for the periods ended December 31, 2012 and March 31, 2013, except those mentioned above.

Analysis of Results of Operation and Financial Condition – from 1 January 2014 to 31 March 2014

The consolidated net loss of Sinophil Corporation (“Sinophil” or the “Company,”) amounted to ₱ 1.74 million for the three months ended March 31, 2014, which is higher by ₱251 thousand (17%) compared to a consolidated net loss of ₱1.49 million for the three months ended March 31, 2013. The higher net loss in 2014 was accounted for by an increase in general and administrative expenses of ₱250 thousand (17%), which arose mainly due to higher real property tax payments and association dues incurred during the period for its real properties. Sinophil’s total comprehensive income for the three months ended March 31, 2014 of ₱67.1 million was lower than the total comprehensive income for the three months ended March 31, 2013 by ₱9.8 million, due to lower unrealized mark-to-market gain in available-for-sale

investments during the 2014 period. Aside from what has been mentioned in the foregoing, there were no significant elements that arose from continuing operations, nor were there any seasonal events that had a material effect on the results of operations of Sinophil during the three months ended March 31, 2014.

	March	December	Horizontal Analysis		Vertical Analysis	
	2014	2013	Increase (Decrease)		2014	2013
			Amount	%		
ASSETS						
Cash	1,108,108	925,039	183,069	20%	0%	0%
Receivables and others	24,365,355	26,201,799	(1,836,444)	-7%	1%	1%
Other asset	65,501,280	65,501,280	-	0%	3%	3%
Available-for-sale						
Investments	1,649,653,431	1,580,820,800	68,832,631	4%	77%	76%
Investment Property	394,210,452	394,210,452	-	0%	18%	19%
Total Assets	2,134,838,626	2,067,659,370	67,179,256	3%	100%	100%
LIABILITIES AND EQUITY						
Liabilities						
Accrued expenses and other current liabilities	53,408,306	53,321,503	86,803	0%	3%	3%
Due to Belle	179,011,579	179,011,579	-	0%	8%	9%
Total Liabilities	232,419,885	232,333,082	86,803	0%	11%	11%
Equity						
Capital stock	7,927,310,000	7,927,310,000	-	100%	371%	383%
Additional paid-in capital	2,039,727,799	2,039,727,799	-	100%	96%	99%
Subscription receivable	(4,962,580,586)	(4,962,580,586)	-	0%	-232%	-240%
Parent Company shares held by a subsidiary	(512,594,197)	(512,594,197)	-	100%	-24%	-25%
Other reserves	384,784,395	315,951,765	68,832,630	22%	18%	15%
Deficit	(2,974,228,670)	(2,972,488,493)	(1,740,177)	0%	-139%	-144%
Net Equity	1,902,418,741	1,835,326,288	67,092,453	4%	89%	89%
Total Liabilities and Equity	2,134,838,626	2,067,659,370	67,179,256	3%	100%	100%

Sinophil's total assets amounted to ₱2.135 billion as of March 31, 2014, which is higher by ₱0.67 billion (3%) compared to ₱2.068 billion as of December 31, 2013. The Company's total liabilities of ₱232.4 million as of March 31, 2014 were almost unchanged from total liabilities of ₱232.3 million as of December 31, 2013. Stockholders' equity increased by ₱67.1 million (4%), to ₱1.9 billion as of March 31, 2014 from ₱1.84 billion as of December 31, 2013. The increase in total assets and stockholders' equity were primarily due to ₱68.8 million in unrealized mark-to-market gains on available-for-sale investments during the three months ended March 31, 2014. There were no issuances of additional shares of stock, nor payment or declaration of dividends made, during the first quarter of 2014.

Below are the comparative key performance indicators of the Company and its subsidiaries:

	Manner by which the Company calculates the key performance indicators	March 31, 2014 (unaudited)	March 31, 2013 (unaudited)	December 31, 2013 (audited)
Current ratio	Current assets over current liabilities	1.70:1.00	1.82:1.00	1.74:1.00
Return on assets	Annualized net loss over average total assets during the period	(0.33%)	(0.28%)	(0.43%)
Return on equity	Annualized net loss over average stockholders' equity during the period	(0.37%)	(0.31%)	(0.47%)
Asset-to-equity ratio	Total assets over total equity	1.12:1.00	1.12:1.00	1.13:1.00
Debt to equity ratio	Total debt over total equity	Not applicable	Not applicable	Not applicable
Interest rate coverage ratio	Earnings before interest and taxes over interest expense	Not applicable	Not applicable	Not applicable

The Company does not foresee any liquidity problem over the next 12 months. The key performance indicators of the Company have not changed materially as compared to the same period last year.

As of March 31, 2014, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Company;
- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Company's continuing operations;
- Seasonal aspects that had a material impact on the Company's results of operations; and
- Material changes in the financial statements of the Company for the periods ended December 31, 2013 and March 31, 2014, except those mentioned above.

Analysis of Results of Operation and Financial Condition - 2012 compared to 2011

(Amounts in Pesos, except percentages)	For the year ended December 31		Horizontal Analysis		Vertical Analysis	
	2012	2011	Increase (Decrease)		2012	2011
			Amount	%		
INTEREST INCOME	1,160	615	545	88.63%	100.00%	100.00%
GAIN ON LIQUIDATING DIVIDEND	33,324,175	-	33,324,175	0.00%	100.00%	100.00%
GENERAL AND ADMINISTRATIVE EXPENSES	(6,913,678)	(6,437,543)	476,135	7.40%	-595955.32%	-1046754.96%
PROVISION FOR IMPAIRMENT OF AVAILABLE-FOR-SALE INVESTMENTS	(1,585,088,316)	(240,000)	-	0.00%	-136633765.69%	-39024.39%
INCOME (LOSS) BEFORE INCOME TAX	(1,558,676,659)	(6,676,928)	1,551,999,731	23244.22%	-134357095.00%	-1085679.35%
TAX	9,276,530	-	(9,276,530)	0.00%	799631.93%	0.00%
NET INCOME (LOSS)	(1,567,953,189)	(6,676,928)	1,561,276,261	23383.15%	-135156726.92%	-1085679.35%
OTHER COMPREHENSIVE INCOME						
Realized gains (losses) arising from changes in market value of available-for-sale investments	94,833,460	27,937,804	66,895,656	239.44%	8174593.60%	4542732.36%
TOTAL COMPREHENSIVE LOSS	(1,473,119,729)	21,260,876	(1,494,380,605)	-7028.78%	-126982133.32%	3457053.01%

Sinophil Corporation (“Sinophil” or the “Company”) incurred a consolidated net loss of ₱1,568.0 million for the year ended December 31, 2012, compared to a consolidated net loss of ₱6.7 million for the year ended December 31, 2011. The net loss for 2012 resulted predominantly from a loss provision of ₱1,501.5 million on the remaining net book value of its investment in Legend International Resorts (HK) Limited. The Company also booked an impairment loss provision of ₱85.6 million on its available-for-sale investments in 220 shares of Tagaytay Midlands Golf Club, Inc., as a conservative accounting measure. The foregoing loss of the Company in 2012 was partially offset by gain from the liquidating dividend on its investment in Belle Bay City Corporation amounting to ₱33.3 million. In November 2012, the Company received a parcel of land with an area of 4,348 square meters from Belle Bay City as liquidating dividend. The receipt of the said parcel of land from Belle Bay City cancels the Company’s net investments in Belle Bay City amounting to ₱73.2 million as well as its advances amounting to ₱2.2 million. As a result of the liquidation of investments in and advances to Belle Bay City, the Company received a parcel of land amounting ₱108.7 million and recognized a gain on liquidating dividend amounting to ₱33.3 million.

	December	December	Horizontal Analysis		Vertical Analysis	
	2012	2011	Increase (Decrease)		2012	2011
			Amount	%		
ASSETS						
Cash	789,884	418,612	371,272	88.69%	0.04%	0.01%
Receivables and others	30,036,723	88,256,346	(58,219,623)	-65.97%	1.48%	2.52%
Available-for-sale						
Investments	1,601,621,537	3,122,252,656	(1,520,631,119)	-48.70%	79.03%	89.30%
Investment Property	394,210,452	285,510,452	108,700,000	38.07%	19.45%	8.17%
Total Assets	2,026,658,596	3,496,438,066	(1,469,779,470)	-42.04%	100.00%	100.00%
LIABILITIES AND EQUITY						
Liabilities						
Accrued expenses and other current liabilities	53,367,070	53,118,841	248,229	0.47%	2.63%	1.52%
Income tax liability	2,754,530	-	2,754,530	0.00%	0.14%	0.00%
Due to Belle	105,650,145	105,650,145	0	0.00%	5.21%	3.02%
Total Liabilities	161,771,745	158,768,986	3,002,759	1.89%	7.98%	4.54%
Equity						
Capital stock	7,927,310,000	7,927,310,000	(0)	0.00%	391.15%	226.73%
Additional paid-in capital	2,039,727,799	2,039,727,799	(0)	0.00%	100.64%	58.34%
Subscription receivable	(4,962,655,586)	(4,962,993,086)	337,500	-0.01%	-244.87%	-141.94%
Cost of Parent Company shares held by a subsidiary	(512,594,197)	(512,594,197)	-	0.00%	-25.29%	-14.66%
Other reserves	336,752,502	241,919,042	94,833,460	39.20%	16.62%	6.92%
Deficit	(2,963,653,667)	(1,395,700,478)	(1,567,953,189)	112.34%	-146.23%	-39.92%
Net Equity	1,864,886,851	3,337,669,080	(1,472,782,229)	-44.13%	92.02%	95.46%
Total Liabilities and Equity	2,026,658,596	3,496,438,066	(1,469,779,470)	-42.04%	100.00%	100.00%

Total assets as of December 31, 2012 were ₱2,026.7 million, with shareholders' equity being ₱1,864.9 million. Comparatively, total assets and shareholders' equity as of December 31, 2011 were ₱3,496.4 million and ₱3,337.7 million, respectively. There was a decrease in the ending balances of assets and equity from 2011 to 2012, due mainly from a decrease in available-for-sale (AFS) investments of ₱1,520.6 million and collection of receivables from related parties and securities broker of ₱58.2 million, from ₱3,122.3 million as of December 31, 2011 to ₱1,601.6 million as of December 31, 2012. The decrease in the AFS investments balance was due to the impairment loss recognized on its AFS investments in LIR- HK and Tagaytay Midlands shares. The decrease in available-for-sale investments was partially offset by the acquisition of additional Belle shares amounting to ₱42.9 million and unrealized mark-to-market gains on Belle shares amounting to ₱94.8 million. During the year, the Company also received land with an area of 4,348 square meters and a valuation of ₱108.7 million, as a gain from the liquidating dividend from its investment in Belle Bay City Corporation. The increase in deficit of 1,568.0 million, from ₱1,395.7 million as of December 31, 2011 to ₱2,963.7 million as of December 31, 2012, was due to the impairment loss recognized on AFS investments in LIR-HK and Tagaytay Midlands shares. The unrealized mark-to-market gains on AFS investments increased by ₱94.8 million due to the increase in market value of its investment in 85.7 million Belle shares. Aside from what has been mentioned in the foregoing, there were no significant elements of income or loss that arose from continuing operations, nor were there any seasonal events that had a material effect on the results of operations, of Sinophil during 2012.

On August 23, 2001, with respect to Sinophil's investment in 40% of the equity of LIR-HK, the LIR-HK Unwinding was agreed into by and among the Company, Belle, Metroplex and LIR-HK, thereby rescinding the Swap Agreement entered into by them in 1997, canceling all obligations stated therein, reversing all the relevant transactions, and canceling or returning all the shares of Sinophil and LIR exchanged thereby. To effect cancellation of the Metroplex's investment, Sinophil's shareholders, during their meeting on February 18, 2002, approved the reduction of its capital stock to the extent of 3.87 billion shares held by the former. However, due to Metroplex's failure to deliver for cancellation the stock certificates covering 2.0 billion shares of their total shareholdings at that time, Sinophil again presented to its shareholders on its meeting on June 3,

2005 a reduction in its authorized capital stock to the extent of 1.87 billion shares (the “Partial LIR-HK Unwinding”). On March 28, 2006, the SEC formally approved the Partial LIR-HK Unwinding and the 1.87 billion cancelled Sinophil shares were then delisted with the Philippine Stock Exchange. The one billion Sinophil shares used as collateral by LIR-HK for a loan from Union Bank were delivered by Union Bank to the Company in 2007, and formal approval by the SEC for cancellation thereof was obtained on June 24, 2008. As of December 31, 2012, one billion Sinophil shares still remained outstanding from Metroplex.

On August 28, 2009, a Memorandum of Agreement (MOA) was executed between Belle Corporation and the Company relative to the proposed settlement of the 1 billion Belle Preferred shares held by Sinophil and dividends receivable therefrom. The MOA provides, among others, the following: (i) the transfer by Belle Corporation or its designee to Sinophil of 220 shares of Tagaytay Midlands Golf Club, Inc. (TMGC) and 220 saleable lots in a future project in Tanauan, Batangas at prevailing market rates; (ii) in consideration for the TMGC shares, Sinophil renounced all past, present and future dividends on Belle preferred shares held by it; and (iii) the eventual cancellation of the Belle preferred shares held by the Company upon receipt by it of the saleable lots, which are to be completed by Belle by August 2014.

Below are the comparative key performance indicators of the Company and its majority-owned subsidiaries:

	Manner by which the key performance indicators are computed	Dec. 31, 2012	Dec. 31, 2011
Current ratio	<u>Current assets</u> Current Liabilities	0.55 : 1.00	1.67 : 1.00
Return on assets	<u>Net loss</u> Average Total assets during the period	(56.78%)	(0.19%)
Return on equity	<u>Net loss</u> Average equity during the period	(60.28%)	(0.20%)
Asset-to-equity ratio	<u>Total Assets</u> Total Equity	1.09:1.00	1.05:1.00
Debt to equity ratio	<u>Total Debt</u> Total Equity	Not applicable	Not applicable
Interest rate coverage ratio	<u>Earnings Before Interest and Taxes</u> Interest Expense	Not applicable	Not applicable

The Company does not foresee any cash flow or liquidity problems over the next 12 months. The Company has no borrowings.

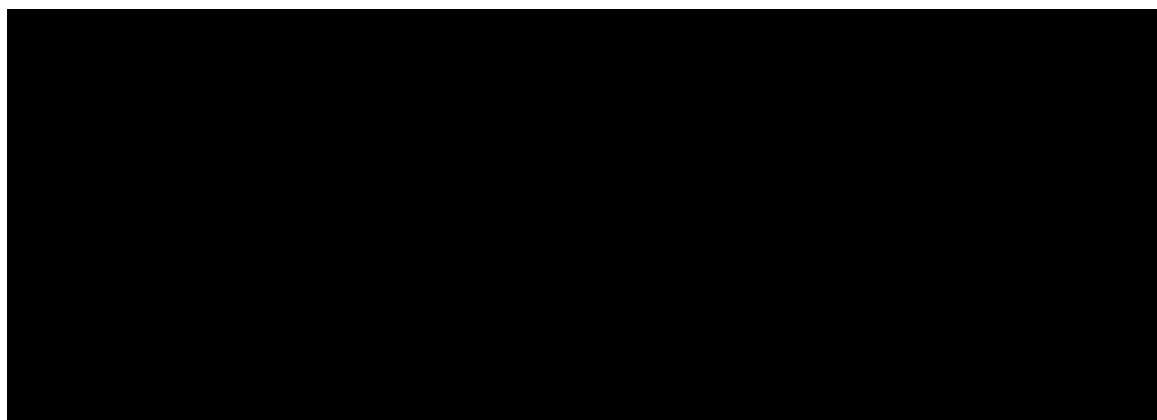
No material off-balance sheet transactions, arrangements, obligations, and other relationships of the Company with unconsolidated entities were created during the year.

As of December 31, 2012, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- (a) Known trends, demands, commitments, events or uncertainties that would have a material impact on the Company;

- (b) Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- (c) Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- (d) Significant elements of income or loss that did not arise from the Company's continuing operations;
- (e) Seasonal aspects that had a material impact on the Company's results of operations; and
- (f) Material changes in the financial statements of the Company during the years ended December 31, 2011 and December 31, 2012.

Analysis of Results of Operation and Financial Condition - 2011 compared to 2010



Sinophil Corporation (“Sinophil” or the “Company”) incurred a consolidated net loss of ₱6.7 million for the year ended 31 December 2011, compared to a consolidated net loss of ₱7.4 million for the year ended 31 December 2010. The lower net loss during 2011 is due to a decrease in general and administrative expenses by ₱0.8 million (12%), to ₱6.4 million during the 2011 period, from ₱7.3 million for the same period last year, due to lower realty taxes and salaries and wages during 2011.

	December		Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2011	2010
	2011	2010	Amount	%		
ASSETS						
Cash	418,612	253,590	165,022	65.1%	0.0%	0.0%
Receivables and others	88,256,346	94,220,972	(5,964,626)	-6.3%	2.5%	2.7%
Available-for-sale						
Investments	3,122,252,656	3,094,554,852	27,697,804	0.9%	89.3%	89.1%
Investment Property	285,510,452	285,510,452	-	0.0%	8.2%	8.2%
Total Assets	3,496,438,066	3,474,539,866	21,898,200	0.6%	100.0%	100.0%
LIABILITIES AND EQUITY						
Liabilities						
Accrued expenses and other current liabilities	53,118,841	52,556,517	562,324	1.1%	1.5%	1.5%
Due to Belle	105,650,145	105,650,145	-	0.0%	3.0%	3.0%
Total Liabilities	158,768,986	158,206,662	562,324	0.4%	4.5%	4.6%
Equity						
Capital stock	7,927,310,000	7,927,310,000	-	100.0%	226.7%	228.2%
Additional paid-in capital	2,039,727,799	2,039,727,799	-	100.0%	58.3%	58.7%
Subscription receivable	(4,962,993,086)	(4,963,068,086)	75,000	0.0%	-141.9%	-142.8%
Parent Company shares held by a subsidiary	(512,594,197)	(512,594,197)	-	100.0%	-14.7%	-14.8%
Other reserves	241,919,042	213,981,238	27,937,804	13.1%	6.9%	6.2%
Deficit	(1,395,700,478)	(1,389,023,550)	(6,676,928)	0.5%	-39.9%	-40.0%
Net Equity	3,337,669,080	3,316,333,204	21,335,876	0.6%	95.5%	95.4%
	3,496,438,066	3,474,539,866	21,898,200	0.6%	100.0%	100.0%

Total assets as of December 31, 2011 were ₱3,496.4 million, with shareholders' equity being ₱3,337.7 million. Comparatively, total assets and shareholders' equity as of December 31, 2010 were ₱3,474.5 million and ₱3,316.3 million, respectively. There was no significant movement in the ending balances of assets and equity from 2010 to 2011, except for unrealized mark-to-market gains on available-for-sale investments amounting to ₱27.9 million, mainly from the increase in market value of the Company's 85.7 million Belle shares, from ₱4.60 per share as of December 31, 2010 to ₱5.08 per share as of December 31, 2011. Note that, under accounting rules, this mark-to-market gain cannot be recognized in Sinophil's net income until the shares are sold. Thus, the net book value of Sinophil's Belle shares thus remains at ₱0.55 per share due to the loss provision that was booked during 2008. Aside from what has been mentioned in the foregoing, there were no significant elements of income or loss that arose from continuing operations, nor were there any seasonal events that had a material effect on the results of operations, of Sinophil during 2011.

Below are the comparative key performance indicators of the Company and its majority-owned subsidiaries:

	Manner by which the key performance indicators are computed	Dec. 31, 2011	Dec. 31, 2010
Current ratio	<u>Current assets</u> Current Liabilities	1.67 : 1.00	1.80 : 1.00
Return on assets	<u>Net Loss</u> Average Total Assets during the period	(0.19%)	(0.22%)
Return on equity	<u>Net Loss</u> average equity during the period	(0.20%)	(0.23%)
Asset-to-equity ratio	<u>Total assets</u> Total equity	1.05:1.00	1.05:1.00
Debt to equity ratio	<u>Total Debt</u> Total Equity	Not applicable	Not applicable
Interest rate coverage ratio	<u>Earnings Before Interest and Taxes</u> Interest Expense	Not applicable	Not applicable

The Company does not foresee any cash flow or liquidity problems over the next 12 months. The Company has no borrowings.

No material off-balance sheet transactions, arrangements, obligations, and other relationships of the Company with unconsolidated entities were created during the year.

As of December 31, 2011, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- (a) Known trends, demands, commitments, events or uncertainties that would have a material impact on the Company;
- (b) Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- (c) Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- (d) Significant elements of income or loss that did not arise from the Company's continuing operations;
- (e) Seasonal aspects that had a material impact on the Company's results of operations; and
- (f) Material changes in the financial statements of the Company during the years ended December 31, 2010 and December 31, 2011.

Key Variables and other Qualitative and Quantitative Factors

The Company expects no material commitments for capital expenditures and expected funds in 2013. To the best of the Company's knowledge, aside from what has already been mentioned in the preceding, there are no known trends, events or uncertainties that will have a material impact on sales; no significant elements of income or loss that did not arise from continuing operations

aside from those disclosed in the Notes to the Audited Financial Statements; and no seasonal aspects with material effect on results of operations.

Sinophil maintains sufficient cash balances to meet minimum operational requirements, as determined by management from time to time. Additional cash requirements are sourced from affiliates. To the best of the Company's knowledge, there are no known trends, events or uncertainties that will have a material impact on its liquidity.

Information on Independent Accountant and Other Related Matters

a. External Audit Fees

a.1. Audit and Audit-Related Fees

The aggregate fees paid by the Company for professional services (including Value Added Tax) rendered by the external auditor for the audit of financial statements for the years ended 31 December 2012 and 2011 follow:

	(P000's omitted)
2012	P295
2011	P295

a.2. There were no other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements.

b. Tax Fees

There were no professional services rendered by the external auditor for tax accounting compliance, advice, planning and any other form of tax services in each of the last two years.

c. All Other Fees

There were no other professional services rendered by the external auditors for each of the last two years other than item (a) and (b) above.

d. The Audit Committee's approval policies and procedures for the above services

The Audit Committee has the oversight responsibility over the audit function and activities of the Company's internal and external auditors. It provides assurance that financial disclosures made by the management as presented in the Auditor's report reasonably reflect (a) the financial condition; the result of operation; and the plans and long-term commitments; and (b) internal controls are operating as intended.

The Audit Committee has the responsibility to recommend an external auditor to be selected and appointed by the stockholders during each annual stockholder's meeting.

It reviews the audit coverage of the External Auditors and deliberates on their audit report prior to endorsement to the Board of Directors and presented to the stockholder's for approval.

DIRECTORS AND EXECUTIVE OFFICERS

Please refer to the portion of this Information Statement on "Directors and Executive Officers".

COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

Sinophil Corporation has formalized its commitment to good corporate governance in compliance with the initiative of the Securities and Exchange Commission (SEC). The Company has adopted its Manual on Corporate Governance which provides for, among others, a compliance officer specifically for corporate governance, the duties and responsibilities of a director and the creation of board committees. These committees are comprised of a nomination committee for selecting directors and passing upon their qualifications, compensation and remuneration committee to look into an appropriate rewards system and an audit committee to review financial and accounting matters. The current members of the aforesaid committees for the calendar year 2012 were appointed on 23 April 2012.

As proof of its compliance with the leading practices and principles in good corporate governance, Sinophil regularly submits to the SEC the Compliance Officer's report on (i) the Corporation's Compliance with its Manual on Corporate Governance, and (ii) the directors' attendance records. It also submits its annual Corporate Governance Self-Rating reports to the SEC and PSE.

Sinophil continues to welcome the nomination and election of independent directors, abiding by the requirements of law, as well as to help guarantee proper decision-making at the board level. The composition of the rest of the board further assures that decisions are based on objective assessments, reasonable appraisals, open discussions and principled consensus, all in the best interest of the corporation and its stakeholders.

The Company is not aware of any non-compliance with its Manual of Corporate Governance, by any of its officers or employees. Under the Manual of Corporate Governance of the Company, the Compliance Officer is responsible for monitoring compliance with the provisions and requirements, as well as violations of the Manual of Corporate Governance.

The Company's Manual of Corporate Governance shall be subject to annual review unless the same frequency is amended by the Board.

**UNDERTAKING TO PROVIDE COPIES OF THE INFORMATION STATEMENT
AND THE ANNUAL REPORT**

UPON WRITTEN REQUEST OF ANY SHAREHOLDER OF RECORD ENTITLED TO NOTICE OF AND VOTE AT THE MEETING, THE COMPANY SHALL FURNISH SUCH SHAREHOLDER WITH A COPY OF THE COMPANY'S INFORMATION STATEMENT (ON SEC FORM 20-IS) AND ANNUAL REPORT (ON SEC FORM 17-A) WITHOUT CHARGE. ANY SUCH WRITTEN REQUEST SHALL BE ADDRESSED TO:

THE CORPORATE SECRETARY
SINOPHIL CORPORATION
5F TOWER A, TWO E-COM CENTER,
PALM COAST AVENUE,
MALL OF ASIA COMPLEX, PASAY CITY

Sinophil Corporation and Subsidiaries

Consolidated Financial Statements
December 31, 2013 and 2012
and Years Ended December 31, 2013, 2012 and 2011

and

Independent Auditors' Report

COVER SHEET

A S 0 9 3 0 0 9 2 8 9

SEC Registration Number

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

(Company's Full Name)

5 t h F l o o r , T o w e r A , T w o E - C o m C e n
t e r , P a l m C o a s t A v e n u e , M a i l o f A
s i a C o m p l e x , C B P - 1 A , P a s a y C i t y

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

Mr. Manuel A. Gana

(Contact Person)

662-8888

(Company Telephone Number)

1 2 3 1
Month Day
(Fiscal Year)

1 7 - A
(Form Type)

Month Day
(Annual Meeting)

-
(Secondary License Type, If Applicable)

-
Dept. Requiring this Doc.

-
Amended Articles Number/Section

585
Total No. of Stockholders

Total Amount of Borrowings
P- P-
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

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INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Sinophil Corporation

We have audited the accompanying consolidated financial statements of Sinophil Corporation and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2013 and 2012, and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sinophil Corporation and Subsidiaries as at December 31, 2013 and 2012, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2013 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Clairma T. Mangangey
Partner
CPA Certificate No. 86898
SEC Accreditation No. 0779-AR-1 (Group A),
February 2, 2012, valid until February 1, 2015
Tax Identification No. 129-434-867
BIR Accreditation No. 08-001998-67-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 4225188, January 2, 2014, Makati City

March 11, 2014

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INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Sinophil Corporation
5th Floor, Tower A
Two E-Com Center, Palm Coast Avenue
Mall of Asia Complex, CBP-1A, Pasay City

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BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Sinophil Corporation
5th Floor, Tower A
Two E-Com Center, Palm Coast Avenue
Mall of Asia Complex, CBP-1A, Pasay City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Sinophil Corporation and Subsidiaries as at and for each of the three years in the period ended December 31, 2013, included in this Form 17-A, and have issued our report thereon dated March 11, 2014. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Clairma T. Mangangey
Partner
CPA Certificate No. 86898
SEC Accreditation No. 0779-AR-1 (Group A),
February 2, 2012, valid until February 1, 2015
Tax Identification No. 129-434-867
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April 11, 2012, valid until April 10, 2015
PTR No. 4225188, January 2, 2014, Makati City

March 11, 2014

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SINOPHIL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2013	2012
ASSETS		
Current Assets		
Cash in bank (Note 17)	P925,039	P789,884
Receivables and others (Notes 2, 8, 15 and 17)	26,201,799	30,036,723
Other asset (Note 15)	65,501,280	-
Total Current Assets	92,628,118	30,826,607
Noncurrent Assets		
Available-for-sale financial assets (Notes 2, 9, 15 and 17)	1,580,820,800	1,601,621,537
Investment properties (Notes 10)	394,210,452	394,210,452
Total Noncurrent Assets	1,975,031,252	1,995,831,989
	P2,067,659,370	P2,026,658,596
LIABILITIES AND EQUITY		
Current Liabilities		
Accrued expenses and other current liabilities (Notes 11 and 17)	P53,321,503	P53,367,070
Income tax payable (Note 14)	-	2,854,689
Total Current Liabilities	53,321,503	56,221,759
Noncurrent Liability		
Due to Belle Corporation (Note 15)	179,011,579	105,650,145
Equity		
Capital stock (Notes 2, 12 and 17)	7,927,310,000	7,927,310,000
Additional paid-in capital (Notes 2 and 17)	2,039,727,799	2,039,727,799
Subscription receivable (Notes 12 and 17)	(4,962,580,586)	(4,962,655,586)
Cost of Parent Company shares held by a subsidiary (Note 12)	(512,594,197)	(512,594,197)
Other reserves (Notes 2 and 9)	315,951,765	336,752,502
Deficit (Note 17)	(2,972,488,493)	(2,963,753,826)
Net Equity	1,835,326,288	1,864,786,692
	P2,067,659,370	P2,026,658,596

See accompanying Notes to Consolidated Financial Statements.

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SINOPHIL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2013	2012	2011
INCOME			
Interest income from cash in bank	₱1,043	₱1,160	₱615
Gain on liquidating dividend (Note 9)	-	33,324,175	-
	1,043	33,325,335	615
GENERAL AND ADMINISTRATIVE EXPENSES (Note 13)	(8,735,710)	(6,913,678)	(6,437,543)
PROVISION FOR IMPAIRMENT OF AVAILABLE-FOR-SALE FINANCIAL ASSETS (Note 9)	-	(1,585,088,316)	(240,000)
LOSS BEFORE INCOME TAX	(8,734,667)	(1,558,676,659)	(6,676,928)
PROVISION FOR CURRENT INCOME TAX (Note 14)	-	9,376,689	-
NET LOSS	(8,734,667)	(1,568,053,348)	(6,676,928)
OTHER COMPREHENSIVE INCOME (LOSS)			
Mark-to-market gains (losses) on available-for-sale financial assets during the year (Note 9)	(20,800,737)	94,833,460	27,937,804
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(₱29,535,404)	(₱1,473,219,888)	(₱21,260,876)
Basic/Diluted Loss Per Common Share (Note 16)	(₱0.00112)	(₱0.20179)	(₱0.00086)

See accompanying Notes to Consolidated Financial Statements.

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SINOPHIL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Notes 2, 12 and 17)	Additional Paid-in Capital (Notes 2 and 17)	Subscriptions Receivable (Notes 12 and 17)	Cost of Parent Company Shares Held by a Subsidiary (Note 12)	Mark-to-Market Gain on Available-for- Sale Financial Assets (Note 9)	Other Reserves		Total
						Cumulative Unrealized	Share in Cumulative Translation Adjustments of an Associate (Notes 2 and 9)	
Balance at December 31, 2012	P7,927,310,000	P2,039,727,799	(P4,962,655,586)	(P512,594,197)	P395,071,490	(P58,318,988)	(P2,963,753,826)	P1,864,786,692
Net loss	-	-	-	-	-	-	(8,734,667)	(8,734,667)
Other comprehensive loss	-	-	-	-	(20,800,737)	-	-	(20,800,737)
Total comprehensive loss	-	-	-	-	(20,800,737)	-	(8,734,667)	(29,535,404)
Subscriptions collected	-	-	75,000	-	-	-	-	75,000
Balance at December 31, 2013	P7,927,310,000	P2,039,727,799	(P4,962,580,586)	(P512,594,197)	P374,270,753	(P58,318,988)	(P2,972,488,493)	P1,835,326,288
Balance at December 31, 2011	P7,927,310,000	P2,039,727,799	(P4,962,993,086)	(P512,594,197)	P300,238,030	(P58,318,988)	(P1,395,700,478)	P3,337,669,080
Net loss	-	-	-	-	-	-	(1,568,053,348)	(1,568,053,348)
Other comprehensive income	-	-	-	-	94,833,460	-	-	94,833,460
Total comprehensive income (loss)	-	-	-	-	94,833,460	-	(1,568,053,348)	(1,473,219,888)
Subscriptions collected	-	-	337,500	-	-	-	-	337,500
Balance at December 31, 2012	P7,927,310,000	P2,039,727,799	(P4,962,655,586)	(P512,594,197)	P395,071,490	(P58,318,988)	(P2,963,753,826)	P1,864,786,692
Balance at December 31, 2010	P7,927,310,000	P2,039,727,799	(P4,963,068,086)	(P512,594,197)	P272,300,226	(P58,318,988)	(P1,389,023,550)	P3,316,333,204
Net loss	-	-	-	-	-	-	(6,676,928)	(6,676,928)
Other comprehensive income	-	-	-	-	27,937,804	-	-	27,937,804
Total comprehensive income (loss)	-	-	-	-	27,937,804	-	(6,676,928)	21,260,876
Subscriptions collected	-	-	75,000	-	-	-	-	75,000
Balance at December 31, 2011	P7,927,310,000	P2,039,727,799	(P4,962,993,086)	(P512,594,197)	P300,238,030	(P58,318,988)	(P1,395,700,478)	P3,337,669,080

See accompanying Notes to Consolidated Financial Statements.

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SINOPHIL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	(P8,734,667)	(P1,558,676,659)	(P6,676,928)
Adjustments for:			
Provisions for impairment of:			
Receivables and others (Notes 8 and 13)	256,937	141,562	244,477
Available-for-sale financial assets (Note 9)	-	1,585,088,316	240,000
Interest income from cash in bank	(1,043)	(1,160)	(615)
Gain on liquidating dividend	-	(33,324,175)	-
Working capital adjustments:			
Decrease in receivables and others	11,438,141	13,078,499	5,720,149
Increase (decrease) in accrued expenses and other current liabilities	(45,567)	248,229	562,324
Income taxes paid	(2,854,689)	(6,522,000)	-
Interest received	1,043	1,160	615
Net cash provided by operating activities	60,155	33,772	90,022
CASH FLOW FROM A FINANCING ACTIVITY			
Collections of subscription receivable (Note 12)	75,000	337,500	75,000
NET INCREASE IN CASH IN BANK	135,155	371,272	165,022
CASH IN BANK AT BEGINNING OF YEAR	789,884	418,612	253,590
CASH IN BANK AT END OF YEAR	P925,039	P789,884	P418,612

See accompanying Notes to Consolidated Financial Statements.

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SINOPHIL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

Corporate Information

Sinophil Corporation ("Sinophil" or "Parent Company"), incorporated and registered with the Philippine Securities and Exchange Commission (SEC) as Sinophil Exploration Co., Inc. on November 26, 1993, was originally organized with oil and gas exploration and development as its primary purpose and investments and development as among its secondary purposes. On June 3, 1997, the SEC approved Sinophil's application for a change in its primary purpose from oil and gas exploration and development to investment holding and real estate development. Beginning 1998, Sinophil repositioned itself as an investment holding company. The Parent Company, a publicly-listed company traded in the Philippine Stock Exchange (PSE), was 44.1% owned by Belle Corporation ("Belle") and the rest by the public as of December 31, 2012. During 2013, Belle's effective ownership interest in Sinophil increased to 58.1% after acquisition of interests by its wholly owned subsidiaries.

The accompanying consolidated financial statements include the accounts of the Parent Company and Foundation Capital Resources, Inc. (FCRI) and Sinophil Leisure and Resorts Corporation (SLRC), both wholly owned subsidiaries and incorporated in the Philippines. Sinophil and its subsidiaries (collectively referred to as "the Company") have an investment portfolio consisting of interest in gaming and real estate entities.

The registered office address of the Company is 5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, CBP-1A, Pasay City.

Authorization for the Issuance of the Consolidated Financial Statements

The accompanying consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors (BOD) on March 11, 2014.

2. Share Swap Agreement ("Swap Agreement")

In 1997, Sinophil together with Belle (then a 32% shareholder) entered into a Swap Agreement with Paxell Limited and Metroplex Berhad (both Malaysian companies, collectively referred to as "Metroplex") whereby Sinophil issued 3,870,000,000 of its common shares in exchange for 46,381,600 shares of Legend International Resort H.K. Limited (LIR-HK), a Hong Kong-based company, which is a subsidiary of Metroplex.

On August 23, 2001, a Memorandum of Agreement (MOA) was entered into by and among Belle, Sinophil, Metroplex and LIR-HK rescinding the Swap Agreement and cancelling all obligations stated therein and reversing all the transactions as well as returning all the objects thereof in the following manner:

- a. Metroplex shall surrender the certificates of Sinophil shares held by them in relation to the Swap Agreement. Belle shall then cause the reduction of the capital stock of Sinophil to the extent constituting the Sinophil shares of stock surrendered by Metroplex and the cancellation and delisting of such shares from the Philippine Stock Exchange (PSE).

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b. Sinophil shall surrender the LIR-HK shares back to Metroplex.

In view of such definite plan to rescind the Swap Agreement through the MOA or other means, Sinophil discontinued using the equity method in accounting for its investment in LIR-HK starting from LIR-HK's fiscal year beginning February 1, 1999.

On February 18, 2002, the stockholders approved the cancellation of 3,870,000,000 shares held by Metroplex. However, Metroplex failed to deliver the stock certificates for cancellation covering the 2,000,000,000 shares of their total shareholdings. The Parent Company again presented to its stockholders the reduction of its authorized capital stock to the extent of 1,870,000,000 shares, which were already delivered by Metroplex. On June 3, 2005, the stockholders approved the cancellation and delisting of the 1,870,000,000 shares. On March 28, 2006, the SEC formally approved the Company's application for the capital reduction and cancellation of the 1,870,000,000 Sinophil shares. The application to delist the said shares was also approved by the PSE.

As a result of the cancellation of the shares, investment in LIR-HK was reduced by P2,807.8 million in 2006. The corresponding decrease in capital stock and additional paid-in capital, and share in cumulative translation adjustments of an associate amounted to P1,870.0 million, P1,046.9 million and P109.1 million, respectively.

As further discussed in Note 8, in 2007, the Parent Company acquired LIR-HK's loan from Union Bank of the Philippines which was secured by the 1,000,000,000 shares of Sinophil held by Metroplex for a total consideration of P81.6 million. Upon acquisition, an application for capital reduction and cancellation of 1,000,000,000 Sinophil shares was filed with the SEC after obtaining stockholders' approval (see Note 12).

On June 24, 2008, upon obtaining the approval of the SEC, the 1,000,000,000 Sinophil shares in the name of Metroplex were cancelled. As a result, investment in LIR-HK was reduced by P1,501.5 million in 2008 (see Note 9). The corresponding decrease in capital stock, additional paid-in capital and share in cumulative translation adjustments of an associate amounted to P1,000.0 million, P559.8 million and P58.3 million, respectively (see Note 12). In 2009, the Parent Company applied with the SEC for further decrease of its authorized capital stock for 1,000,000,000 shares. This application was approved on July 9, 2009 by the SEC (see Note 12).

In 2009, Metroplex filed before the Court of Appeals (CA) to review the Order of the SEC denying their petition to nullify the approval of the reduction of the capital stock of the Parent Company. Petition was elevated to the Supreme Court (SC) after the CA sustained the SEC ruling (see Notes 7 and 19).

As at March 11, 2014, the remaining 1,000,000,000 undelivered Sinophil shares were transferred to another entity after the said shares have been foreclosed and successfully auctioned by the creditor of Metroplex. Consequently, the Company recognized full impairment loss amounting to P1,501.5 million in the 2012 consolidated statement of comprehensive income equivalent to the remaining book value of its investment in LIR-HK (see Note 9).

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3. Basis of Preparation and Consolidation and Statement of Compliance

Basis of Preparation

The Company's consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale (AFS) financial assets which are measured at fair value (see Note 9). The consolidated financial statements are presented in Philippine peso, which is the Company's functional and presentation currency, and all values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance

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

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries, FCRI and SLRC (see Note 1).

The subsidiaries are consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies. All intercompany balances, transactions, income and expense and profits and losses from intercompany transactions are eliminated in full upon consolidation.

4. Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year, except for the following amended Philippine Accounting Standards (PAS), PFRS and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) which were adopted starting January 1, 2013. Except as otherwise indicated, the adoption of the following amended standards did not have any impact on the financial statements of the Company.

- PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income or OCI (Amendments)* - The amendments to PAS 1 introduced a grouping of items presented in OCI. Items that will be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments affect presentation only and have no impact on the Company's financial position or performance.
- PAS 19, *Employee Benefits (Amendment)* - Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The revised standard also requires new disclosures such as, among others, a sensitivity analysis for each significant actuarial assumption, information on asset-liability matching strategies, duration of the defined benefit obligation, and disaggregation of plan assets by nature and risk.
- PAS 27, *Separate Financial Statements* (as revised in 2011) - As a consequence of the new PFRS 10, *Consolidated Financial Statements* and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities (JCEs), and associates in separate financial statements.

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- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011) - As a consequence of the new PFRS 11, *Joint Arrangements* and PFRS 12, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates.
- PFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendments) - The amendment requires an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set-off in accordance with PAS 32, *Financial Instruments: Presentation*. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format, unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:
 - a. The gross amounts of those recognized financial assets and recognized financial liabilities;
 - b. The amounts that are set-off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
 - c. The net amounts presented in the statement of financial position;
 - d. The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
 - Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
 - Amounts related to financial collateral (including cash collateral); and
 - e. The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendment affects disclosures only and has no impact on the Company's financial position or performance.

- PFRS 10, *Consolidated Financial Statements* - PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, that addresses the accounting for consolidated financial statements. It also includes the issues raised in Standard Industrial Classification (SIC) - 12, *Consolidation - Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27.
- PFRS 11, *Joint Arrangements* - PFRS 11 replaces PAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly-controlled Entities - Nonmonetary Contributions by Venturers*. PFRS 11 removed the option to account for JCEs using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.
- PFRS 12, *Disclosure of Interest in Other Entities* - PFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in PFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries (for example, where a subsidiary is controlled with less than a majority of voting rights). PFRS 12 affects disclosures only and has no impact on the Company's financial position or performance.

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- PFRS 13, *Fair Value Measurement* - PFRS 13 establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS. PFRS 13 defines fair value as an exit price. PFRS 13 also requires additional disclosures. As a result of the guidance in PFRS 13, the Company re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. The application of PFRS 13 affects disclosures only and has no impact on the Company's financial position or performance.
- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine* - This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. This new interpretation is not relevant to the Company.

The *Annual Improvements to PFRS (2009-2011 cycle)* contain non-urgent but necessary amendments to PFRSs. The Company adopted these amendments for the current year.

- PAS 1, *Presentation of Financial Statements - Clarification of the requirement for comparative information* - These amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements.
- PAS 16, *Property, Plant and Equipment - Classification of servicing equipment* - The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise.
- PAS 32, *Tax effect of distribution to holders of equity instruments* - The amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, *Income Taxes*.
- PAS 34, *Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities* - The amendment clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entity's previous annual financial statements for that reportable segment. The amendment affects disclosures only and has no impact on the Company's financial position or performance.
- PFRS 1, *First-time Adoption of PFRS - Borrowing Costs* - The amendment clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, *Borrowing Costs*. The amendment does not apply to the Company as it is not a first-time adopter of PFRS.

5. Future Changes in Accounting Policies

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

- Amendments to PFRS 10, PFRS 12 and PAS 27 - *Investment Entities*. These amendments are effective for annual periods beginning on or after January 1, 2014. 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.
- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments). 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 remeasurements 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 amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014.
- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments) - The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.
- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments) - These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied. 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 (CGUs) 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* (Amendments) - These amendments are effective for annual periods beginning on or after January 1, 2014. These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.
- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21) - IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. IFRIC 21 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.

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- PFRS 9, *Financial Instruments* - PFRS 9, as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities and hedge accounting, respectively. Work on the second phase which relate to impairment of financial instruments, and the limited amendments to the classification and measurement model is still ongoing, with a view to replacing PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at FVPL. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at FVPL. For liabilities designated as at FVPL using the fair value option, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative bifurcation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

PFRS 9 currently has no mandatory effective date. PFRS 9 may be applied before the completion of the limited amendments to the classification and measurement model and impairment methodology. The Company will not adopt the standard before the completion of the limited amendments and the second phase of the project.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate* - This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

The Company continues to assess the impact of the above new, amended and improved accounting standards and interpretations effective subsequent to December 31, 2013 on its consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the Company's financial statements when these amendments are adopted.

Annual Improvements to PFRS (2010-2012 cycle)

The Annual Improvements to PFRS (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

- 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. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014.
- 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 PAS 39. The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014.
- 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 effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively.
- PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables*. The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. This amendment is effective for annual periods beginning on or after July 1, 2014.
- 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 is effective for annual periods beginning on or after July 1, 2014. 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.

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- 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. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively.
- 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 are effective for annual periods beginning on or after July 1, 2014. 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.

Annual Improvements to PFRS (2011-2013 cycle)

The Annual Improvements to PFRS (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Meaning of Effective PFRSs*. The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively.
- 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. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively.
- 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. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively.

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- *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. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively.

6. Summary of Significant Accounting Policies

Cash in bank

Cash in bank earns interest at the prevailing bank deposit rates.

Financial Assets

Date of Recognition of Financial Assets. The Company recognizes financial assets in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognized on settlement date, i.e., the date that an asset is delivered to or by the Company.

Initial Recognition of Financial Assets. Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss (FVPL), directly attributable transaction costs.

Categories of Financial Assets. Financial assets are classified as financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments, AFS financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition and where allowed and appropriate, re-evaluates such classification every financial reporting date.

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

- **Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as financial assets at FVPL or AFS financial assets.

As at December 31, 2013 and 2012, this category includes the Company's cash in bank, receivables and others, except for input VAT and nontrade receivables (see Note 17).

- **AFS Financial Assets**

AFS financial assets are nonderivative financial assets that are designated as available-for-sale or do not qualify to be classified as loans and receivables, financial assets at FVPL or HTM investments. The Company designates financial instruments as AFS if they are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions.

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As at December 31, 2013 and 2012, this category includes the Company's investments in shares of stock shown under "Available-for-sale financial assets" account in the consolidated statements of financial position (see Note 9).

Subsequent Measurement. The subsequent measurement of financial assets depends on their classification as follows:

- Loans and Receivables

After initial measurements, loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in profit or loss in the consolidated statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

- AFS Financial Assets

After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized as a separate component of other comprehensive income in the consolidated statement of comprehensive income and in the consolidated statement of changes in equity until the investment is derecognized or determined to be impaired, at which time, the cumulative gain or loss previously recorded in equity is recognized in profit or loss in the consolidated statement of comprehensive income.

AFS financial assets in equity instruments that do not have a quoted market price in an active market, or derivatives linked to such equity instruments are measured at cost because its fair value cannot be reliably measured.

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

Where the Company holds more than one investment in the same security, these are deemed to be disposed of on a moving average basis. Interest earned on holding AFS financial assets are reported as interest income using the effective interest rate. Dividends earned on holding AFS financial assets are recognized in profit or loss in the consolidated statement of comprehensive income when the right to receive payment has been established. The losses arising from impairment of such financial assets are recognized in profit or loss in the consolidated statement of comprehensive income. These financial assets are classified as noncurrent assets unless the intention is to dispose such assets within 12 months from the reporting date.

Financial Liabilities

Initial Recognition of Financial Liabilities. Financial liabilities are recognized initially at fair value of the consideration received which is determined by reference to the transaction price or other market prices, and in the case of other financial liabilities, inclusive of any directly

attributable transaction costs. If such market prices are not reliably determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for similar instruments with similar maturities.

Categories of Financial Liabilities. Financial liabilities are classified as financial liabilities at FVPL or other financial liabilities which are measured at amortized cost or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition and where allowed and appropriate, re-evaluates such classification every financial reporting date.

As at December 31, 2013 and 2012, the Company has no financial liabilities at FVPL and derivatives designated as hedging instruments.

Other financial liabilities are not held for trading nor designated as at FVPL upon the inception of the liability. This includes liabilities arising from operations such as accrued expenses and other current liabilities, and due to Belle Corporation (see Note 17).

Subsequent Measurement. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss in the consolidated statement of comprehensive income when the liabilities are derecognized as well as through the amortization process. Other financial liabilities are included in current liabilities if maturity is within 12 months from the reporting date or the Company does not have an unconditional right to defer payment for at least 12 months from the reporting date. Otherwise, these are classified as noncurrent liabilities.

Offsetting of Financial Assets and Financial Liabilities

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

Determination of Fair Value and Fair Value Hierarchy of Financial Assets and Financial Liabilities

The fair value for financial assets and financial liabilities traded in active markets at each 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 asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

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

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

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Fair value measurement disclosures are presented in Note 17.

Amortized Cost of Financial Assets and Financial Liabilities

Amortized cost is computed using the effective interest rate method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

"Day 1" Difference

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss in the consolidated 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 profit or loss in the consolidated 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" difference amount.

Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a 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 has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows such as changes in arrears or economic conditions that correlate with defaults.

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

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If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through use of an allowance account and the amount of the loss is recognized in profit or loss in the consolidated statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount based on the effective interest rate of the asset.

The Company provides an allowance for loans and receivables which they deemed to be uncollectible despite the Company's continuous effort to collect such balances from the respective clients. The Company considers those past due receivables as still collectible if they become past due only because of a delay on the fulfillment of certain conditions as agreed in the contract and not due to incapability of the customers to fulfill their obligation.

However, for those receivables associated to pre-terminated contracts, the Company directly writes them off from the account since there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

AFS Financial Assets. For AFS equity investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is to be evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of comprehensive income) is removed from other comprehensive income and recognized in the consolidated statement of comprehensive income as part of profit or loss. Impairment losses on equity investments are not reversed through profit or loss in the consolidated statement of comprehensive income. Increases in their fair value after impairment are recognized directly in other comprehensive income in the consolidated statement of comprehensive income.

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

Derecognition of Financial Assets and Financial Liabilities

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

- the right to receive cash flows from the asset has expired; or

- 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 or has entered into a “pass-through” arrangement, 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. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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

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 profit or loss in the consolidated statement of comprehensive income.

Investment Property

Investment property, which consists of land, is carried at cost less any impairment in value.

Investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the consolidated statement of comprehensive income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or inventories, the cost of property for subsequent accounting is its carrying value at the date of change in use. If the property occupied by the Company as an owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy for property, plant and equipment up to the date of change in use.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that the investment property may be impaired. If any such indication exists or when annual impairment testing for an asset is required, the Company makes an estimate of the asset’s recoverable amount. An asset’s

recoverable amount is the higher of an asset's cash-generating unit's fair value less cost to sell or its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In determining fair value less cost to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples and other available fair value indicators. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Any impairment loss is recognized in profit or loss in the consolidated statement of comprehensive income in the expense category consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income either as part of profit or loss for the year or as part of other comprehensive income in the case of asset carried at revalued amount.

Equity

Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Proceeds and/or fair value of consideration received in excess of par value are recognized as additional paid-in capital.

Deficit represents accumulated net losses.

Subscription receivable represents the unpaid portion of subscription of capital shares by the investors.

The Parent Company shares held by a subsidiary are accounted for as equity instruments which are reacquired and are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is recognized in other reserves.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

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The following specific recognition criteria must also be met before revenue is recognized:

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

Gain on Liquidating Dividend. Revenue is recognized when the right to receive the payment is established.

Expense Recognition

Expenses are recognized when these are incurred.

Foreign Currency Transactions and Translation

Transactions denominated in foreign currency are recorded in Philippine peso by applying to the foreign currency amount the exchange rate between the Philippine peso and the foreign currency at the date of transaction. Monetary assets and monetary liabilities denominated in foreign currencies are restated using the closing exchange rate at the reporting date. All differences are taken to net loss in the consolidated statement of comprehensive income with the exception of differences on foreign currency exchange borrowings that provide a hedge against a net investment in a foreign entity. These are recorded as part of other comprehensive income and taken to equity until the disposal of the net investment, at which time they are recognized in net loss in the consolidated statement of comprehensive income. Tax charges and credits attributable to exchange rate differences on those borrowings are also dealt with in equity. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of a foreign operation and translated at the closing exchange rate.

The "Share in cumulative translation adjustments of an associate" account also includes the Company's share in translation adjustments, under the current rate method, on the financial statements of LIR-HK, before the Company discontinued using the equity method of accounting for its investments in LIR-HK (see Notes 2 and 9).

Income Taxes

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

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

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefit of unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination

and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax assets are measured at the tax rates that are expected to apply to the year 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 assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Value-Added Tax (VAT). Revenues, expenses, assets and liabilities are recognized net of the amount of VAT except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The carrying value of Input VAT is included under "Receivables and others" account in the consolidated statement of financial position.

Loss per Share

Loss per share is computed by dividing net loss by the weighted average number of issued and outstanding common shares during the year after deducting treasury shares, if any.

Business Segments

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

Segment Assets and Liabilities. Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, real estate for sale, club shares, investment properties under construction and property and equipment, net of accumulated depreciation and impairment. Segment liabilities include all operating liabilities and consist principally of accounts payable and other liabilities. Segment assets and liabilities do not include deferred income taxes, investments and advances, and borrowings.

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. Such transfers are eliminated upon consolidation.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and, a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented as part of profit or loss in the consolidated statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Contingencies

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

Events after the Reporting Period

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

7. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment in the future to the carrying amount of the asset or liability affected.

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

Judgments

In the process of applying the accounting policies, management has made judgment, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements.

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

Determination of Fair Value of Financial Assets Not Quoted in an Active Market. The Company classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly accruing market transaction in an arm's-length basis.

The fair values of the Company's investments in unquoted shares cannot be reasonably determined as there is no available reference to its market. There were no recent transactions involving these shares, therefore these investments are carried at cost.

The carrying value of investments in unquoted shares amounted to P1,000.0 million as at December 31, 2013 and 2012 (see Note 9).

Determination of Fair Value of Financial Assets and Financial Liabilities. PFRS requires certain financial assets and liabilities to be carried and disclosed at fair value, which requires extensive use of accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates), the amount of changes in fair value would differ if the Company utilized a different valuation methodology. Any changes in the assumptions could affect the fair value of these financial assets and liabilities.

The fair value of financial assets amounted to P1,599.4 million and P1,632.1 million as at December 31, 2013 and 2012, respectively. The fair value of financial liabilities amounted to P53.2 million and P53.3 million as at December 31, 2013 and 2012, respectively (see Note 17).

Evaluation of Legal Contingencies. The Company recognizes provision for possible claims when it is determined that an unfavorable outcome is probable and the amount of the claim can be reasonably estimated. The determination of reserves required, if any, is based on analysis of such individual issue, often with the assistance of outside legal counsel. As at March 11, 2014, the Company is involved with the case filed by Metroplex before the SC (see Note 19). In the opinion of management and its legal counsel, the eventual liability, if any, that may result from the outcome of this case will not materially affect the Company's financial position and financial performance.

Estimates and Assumptions

The key estimates and 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 are discussed below.

Determination of Impairment of Receivables. The Company maintains allowance for doubtful accounts at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the management on the basis of factors that affect the collectability of the accounts. These factors include, but not limited to, the length of relationship with the customers, the customer's payment behavior and known market factors.

The Company reviews the allowance on a continuous basis. Accounts that are specifically identified to be potentially uncollectible are provided with adequate allowance through charges to income in the form of provision for doubtful accounts. Factors considered in individual assessment are payment history, past due status and term. A provision is also established as a certain percentage of receivables not provided with specific reserves. This percentage is based on a collective assessment of historical collection, changes in counterparty payment terms and other factors that may affect the Company's ability to collect payments.

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The amount and timing of recorded provision for doubtful accounts for any period would differ if the Company made different judgments or utilized different estimates. An increase in the Company's allowance for doubtful accounts would increase the recorded general and administrative expenses and decrease its current assets.

No provision for doubtful accounts on receivables was recognized in 2013, 2012 and 2011. Allowance for doubtful accounts amounted to P89.0 million as at December 31, 2013 and 2012. The aggregate carrying values of receivables amounted to P26.2 million and P30.0 million as at December 31, 2013 and 2012, respectively (see Note 8).

Evaluation of Impairment of AFS Financial Assets. The Company determines that AFS financial assets are 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 Company determines that a decline in fair value of greater than 20% of cost is considered to be a significant decline and a decline for a period of more than 12 months is considered to be a prolonged decline. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates, among other factors, the normal volatility in share price for quoted equities. In addition, AFS financial assets are considered impaired when management believes that future cash flows generated from the investment is expected to decline significantly. The Company's management makes significant estimates and assumptions on the future cash flows expected and the appropriate discount rate to determine if impairment exists. Impairment may also be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

Provision for impairment loss on AFS financial assets amounted to nil, P1,585.1 million and P0.2 million in 2013, 2012 and 2011, respectively. The aggregate carrying values of AFS financial assets amounted to P1,580.8 million and P1,601.6 million as at December 31, 2013 and 2012, respectively (see Note 9). Allowance for impairment amounted to P2,160.0 million as at December 31, 2013 and 2012 (see Note 9).

Determination of Impairment of Nonfinancial Assets. The Company assesses whether there are any indicators of impairment for all nonfinancial assets at each reporting date. Investment property is tested for impairment when there are indicators that the carrying amount may not be recoverable. Determining the value of these nonfinancial assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Company to conclude that such nonfinancial assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial position and performance.

No provision for impairment loss on investment properties and other asset was recognized in 2013, 2012 and 2011. The aggregate carrying value of investment properties and other asset amounted to P459.7 million and P394.2 million as at December 31, 2013 and 2012, respectively (see Notes 10 and 15).

Realizability of Input VAT. The carrying amount of input VAT is reviewed at each reporting date and reduced to the extent that such input VAT will not be realized as there will be no available output VAT to be applied.

The carrying value of input VAT is reduced through the use of an allowance account. The allowance, if any, is established by charges to income in the form of provision for probable loss on input VAT. The amount and timing of recorded expenses for any period would therefore differ

based on the judgment or estimates made. An increase in the allowance for probable loss on input VAT would increase the Company's recorded expenses and decrease current assets.

Input VAT, included under "Receivables and others", was provided with allowance for probable losses amounting to P0.3 million, P0.1 million and P0.2 million in 2013, 2012 and 2011, respectively (see Notes 8 and 13). Allowance for probable loss on input VAT amounted to P2.1 million and P1.8 million as at December 31, 2013 and 2012, respectively.

Recognition of Deferred Tax Assets. Deferred tax assets are recognized for all deductible temporary differences and unused NOLCO to the extent that it is probable that taxable profit will be available against which the deferred tax assets can be utilized. Significant management judgment is required to determine the amount of deferred tax assets 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 amounted to P510.1 million and P507.8 million as at December 31, 2013 and 2012, respectively (see Note 14).

8. Receivables and Others

Receivables

This account consists of:

	2013	2012
Loan assets (see Note 2)	P81,627,975	P81,627,975
Advances to related parties (see Note 15)	17,692,279	29,700,412
Nontrade and others	15,920,525	7,490,379
	115,240,779	118,818,766
Less allowance for doubtful accounts and probable loss	89,038,980	88,782,043
	P26,201,799	P30,036,723

Loan assets pertain to the Parent Company's acquisition of LIR-HK's loan from Union Bank of the Philippines for a total consideration of P81.6 million. The loan is secured by 1,000,000,000 Sinophil shares held by Metroplex, which is the subject of the MOA entered into by the Parent Company and Metroplex rescinding the Swap Agreement as discussed in Note 2. The loan asset was fully provided with allowance in prior years.

The terms and conditions of advances to related parties are disclosed in Note 15.

Others

Others mainly pertain to Input VAT amounting to P9.9 million and P1.8 million as at December 31, 2013 and 2012, respectively, with allowance for probable loss amounting to P2.1 million and P1.8 million as at December 31, 2013 and 2012, respectively.

Movement of allowance for doubtful accounts and probable loss is as follows:

	2013	2012
Balance at beginning of year	P88,782,043	P88,640,481
Provision (see Note 13)	256,937	141,562
Balance at end of year	P89,038,980	P88,782,043

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9. AFS Financial Assets

AFS financial assets consist of the following:

	2013	2012
Quoted shares:		
Belle - common shares (see Note 17)	P490,939,700	P484,940,437
Golf club shares (see Note 15)	89,800,000	116,600,000
Others	70,000	70,000
	580,809,700	601,610,437
Unquoted shares:		
Belle - preferred shares (see Note 15)	1,000,000,000	1,000,000,000
Others	11,100	11,100
	1,000,011,100	1,000,011,100
	P1,580,820,800	P1,601,621,537

Movements of this account are as follows:

	2013	2012
Cost:		
Balance at beginning of year	P3,366,556,838	P3,710,619,470
Additions during the year	-	42,851,879
Liquidation of investment in Belle Bay City	-	(386,914,511)
Balance at end of year	3,366,556,838	3,366,556,838
Cumulative unrealized mark-to-market gain (loss)		
on AFS financial assets:		
Balance at beginning of year	395,071,490	300,238,030
Transfer of unrealized loss to impairment loss	-	83,560,000
Net increase (decrease) during the year	(20,800,737)	11,273,460
Subtotal	(20,800,737)	94,833,460
Balance at end of year	374,270,753	395,071,490
Accumulated impairment loss:		
Balance at beginning of year	(2,160,006,791)	(888,604,844)
Impairment loss during the year (see Note 2)	-	(1,585,088,316)
Liquidation of investment in Belle Bay City	-	313,686,369
Balance at end of year	(2,160,006,791)	(2,160,006,791)
	P1,580,820,800	P1,601,621,537

There are no quoted market prices for the unlisted shares of stock and there are no other reliable sources of their fair values, therefore, these are carried at cost, net of any impairment loss.

Belle

The investment in common shares of Belle is carried at market value.

The Company's investment in preferred shares is entitled to 9.75% cumulative dividend per annum. This investment and its accumulated unpaid dividend are the subjects of a settlement agreement entered into between Sinophil and Belle on August 28, 2009 (see Note 15).

In 2012, the Company received Belle shares as settlement for the Company's advances to Belle amounting to P42.8 million.

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Golf Club Shares

In accordance with the Settlement Agreement executed between Sinophil and Belle in 1997, Sinophil received 220 shares Tagaytay Midland Golf Club, Inc. ("TMGCI") (see Note 15). In 2012, Sinophil recognized provision for impairment on the club shares amounting to P83.6 million in the consolidated statement of comprehensive income.

Belle Bay City

Belle Bay City's major development project is a 19-hectare mixed-use real estate development along Roxas Boulevard, on a reclaimed land along Manila Bay. On June 27, 2003, the BOD of Belle Bay City approved the resolution to amend its articles of incorporation to shorten the corporate term from 50 years to end on January 31, 2004. The stockholders of Belle Bay City ratified the resolution on July 10, 2003. On January 27, 2005, the SEC approved the application for dissolution of Belle Bay City.

In November 2012, the Company received land with an area of 4,348 square meters from Belle Bay City as liquidating dividend. The receipt of the land from Belle Bay City resulted in the cancellation of the Company's net investments in Belle Bay City amounting to P73.2 million as well as its advances amounting to P2.2 million. As a result of the liquidation of its investments in and advances to Belle Bay City, the Company received a land amounting to P108.7 million, presented under "Investment properties" account in the consolidated statement of financial position (see Note 10) and recognized in the consolidated statement of comprehensive income a gain on liquidating dividend amounting to P33.3 million. The liquidating dividend received from Belle Bay City is valued based on determinable fair value at the date of distribution.

Metro Manila Turf Club (MMTC)

MMTC (initially 70% and 30%-owned entity of Belle and Sinophil, respectively; 8.75% and 3.75% owned, respectively as at December 31, 2013 and 2012) is involved in the establishment, operation and maintenance of stadium, arenas, tracks, turf and other facilities for the conduct of any and all kinds of sports and games. On July 25, 1994, MMTC was granted a 25-year franchise to construct, operate and maintain a racetrack for horse racing in the city of Caloocan. An amendment to the franchise to operate in the province of Batangas, Cavite, Laguna and Rizal was approved by the Congress of the Philippines on June 9, 1997.

In 2002, because of the continuing losses incurred by MMTC and there being no construction activity in the land where the racetrack of MMTC was to be built, the Company provided an impairment in value of its investment in MMTC amounting to P685.1 million.

On October 5, 2006, MMTC, Belle and the Company entered into an agreement with Equitrak Management Corporation (Equitrak), an unrelated party, for the development and operation of MMTC's horse racing franchise. Under the agreement, Equitrak is granted the concession to:

- a. secure the site for the construction of the horse racing complex;
- b. solicit investors for the construction funds necessary for all construction costs; and
- c. participate in the management of MMTC in order to operate the horse racing franchise.

Under the agreement, MMTC will spin-off all of its real estate properties and return the same pro-rata to the Company and Belle. Land received from the spin-off amounting to P285.5 million was recorded as part of "Investment Properties" in the consolidated statements of financial position (see Note 10).

Upon fulfillment by Equitrak of its obligations, MMTC shall issue to Equitrak shares equivalent to 20% of its outstanding capital stock. However, the business of development and operations of the horse racing complex did not materialize.

As a result of the foregoing, there are uncertainties that may affect the recoverability of the remaining carrying value of the Company's investment in MMTC. Accordingly, in 2007, the Company provided additional impairment in value amounting to P35.8 million, which effectively zeroed out the carrying value of the Company's investment in MMTC.

Belle and Sinophil sold their ownership in MMTC's capital stock totaling to 42.5% and 45%, in 2009 and 2008, respectively, to a group of private investors, thereby reducing Belle and Sinophil's ownership as at December 31, 2009 to 8.75% and 3.75%, respectively.

As a result of the Company's loss of significant influence over MMTC, the investment was reclassified and presented in the consolidated statements of financial position as AFS financial assets effective December 31, 2009.

10. Investment Properties

This account consists of the land received from the spin-off of the real estate properties of MMTC, a former associate, and the land received from Belle Bay City as liquidating dividend amounting to P285.5 million and P108.7 million, respectively (see Note 9). The Company adopted the cost model and continues to carry its investment property in the consolidated statements of financial position at cost less any impairment losses.

The aggregate fair value of the investment property amounted to P646.3 million as of December 31, 2013 and 2012, respectively. The fair value was arrived at through the use of the "Market Data Approach" as determined by independent professionally qualified appraisers. The fair value represents the amount at which investment property could be exchanged between knowledgeable, willing parties in an arm's-length transaction at the date of valuation.

The Company believes that there were no conditions present after valuation date that would significantly reduce the fair value of the investment properties from previously determined fair values.

Determination of the fair values of investment properties are categorized under Level 2 fair value measurement.

11. Accrued Expenses and Other Current Liabilities

This account consists of:

	2013	2012
Accrued expenses	P53,143,407	P53,271,709
Statutory liabilities	72,223	44,284
Other payables	105,873	51,077
	<u>P53,321,503</u>	<u>P53,367,070</u>

Accrued expenses represent mainly accrual for professional fees and other general and administrative expenses. The Company's accrued expenses and other current liabilities are payable on demand.

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12. Equity

Preferred Stock

As at December 31, 2013 and 2012, Sinophil has not issued any preferred stock out of the authorized 6,000,000,000 shares with par value of P1. Under the provision of the Parent Company's articles of incorporation, the rights and features of the preferred stocks shall be determined through a resolution of the BOD prior to issuance.

Common Stock

	Number of Shares		
	2013	2012	2011
Authorized - P1 par value	10,130,000,000	10,130,000,000	10,130,000,000
Issued:			
Balance at beginning of year	3,096,890,785	3,096,440,785	3,096,340,785
Issuance	100,000	450,000	100,000
Balance at end of year	3,096,990,785	3,096,890,785	3,096,440,785
Subscribed	4,830,319,215	4,830,419,215	4,830,869,215
	7,927,310,000	7,927,310,000	7,927,310,000

In 1995, 25,000,000 primary shares of the Company's capital stock were offered and sold to the public at par value. On August 28, 1995, the Company's shares of stock were formally listed in the small board of the PSE.

On September 30, 1996, the SEC approved the increase in the Company's authorized capital stock from P1,000.0 million, divided into 100,000,000,000 shares at P0.01 par value, to P2,000.0 million, divided into 200,000,000,000 shares with the same par value.

On March 10, 1997, the stockholders approved the increase in the Company's authorized capital stock from P2,000.0 million, divided into 200,000,000,000 shares at P0.01 par value a share, to P20,000.0 million, divided into 14,000,000,000 common shares and 6,000,000,000 preferred shares both with par value of P1.

On February 18, 2002, the stockholders approved the cancellation of 3,870,000,000 shares held by one of the Parent Company's shareholders, of these shares a total of 2,870,000,000 shares have been cancelled and delisted in 2006 and 2008 (see Note 2).

On March 28, 2006, the SEC approved the reduction of the Company's authorized capital stock by 1,870,000,000 shares to 18,130,000,000 shares divided into 12,130,000,000 common shares and 6,000,000,000 preferred shares (see Note 2).

On June 24, 2008, the SEC formally approved the Company's application for further reduction and cancellation of authorized capital stock by 1,000,000,000 shares resulting in total authorized capital stock of 17,130,000,000 shares divided into 11,130,000,000 common shares and 6,000,000,000 preferred shares (see Note 2).

On July 9, 2009, the SEC approved the Company's application for further reduction of authorized capital stock by 1,000,000,000 shares resulting in total authorized capital stock of 16,130,000,000 shares, divided into 10,130,000,000 common shares and 6,000,000,000 preferred shares (see Note 2).

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In 2013, the Company's stockholders approved the amendments to its Articles of Incorporation to reduce the par value of the Company's common and preferred shares from P1.00 per share to P0.25 per share. Upon approval by the SEC of the Company's quasi-reorganization, the additional paid in capital arising from the reduction in par value will be subsequently applied against the Company's accumulated deficit. As at March 11, 2014, the Company is still in the process of filing appropriate applications with the SEC for quasi-reorganization.

Subscribed Shares

The subscription price of 4,830,319,215 shares amounted to P6,637.7 million of which P4,962.6 million and P4,962.7 million is still uncollected as at December 31, 2013 and 2012, respectively. Subscription receivable becomes due and demandable upon approval of a capital call by the Parent Company's BOD.

Parent Company Shares Held by a Subsidiary

FCRI holds 156,530,000 common shares of the Parent Company with a cost of P477.3 million as at December 31, 2013 and 2012. These are presented as "Cost of Parent Company shares held by a subsidiary" and are treated as a reduction in equity.

13. General and Administrative Expenses

This account consists of:

	2013	2012	2011
Taxes and licenses	P3,061,835	P2,190,820	P683,685
Professional fees	2,236,832	2,025,961	3,034,244
Salaries and wages	1,355,472	1,341,485	1,438,462
Association dues	773,943	-	-
Entertainment, amusement and recreation	580,919	574,924	678,369
Insurance	389,855	498,837	201,918
Provision for probable loss on input VAT (see Note 8)	256,937	141,562	244,477
Miscellaneous	79,917	140,089	156,388
	P8,735,710	P6,913,678	P6,437,543

Miscellaneous pertains to office supplies, messengerial and postage services, bank charges and others.

14. Income Taxes

The Company's provision for current income tax amounted to P9.4 million in 2012 which includes capital gains tax (CGT) paid by the Company under protest for the transfer of land from Belle Bay City amounting to P6.5 million. The payment of CGT was made for the sole purpose of facilitating the prompt transfer of title from Belle Bay City to the Company. The Company believes that the imposition of CGT is improper because the transfer was not made in the ordinary course of business but by operation of law in view of the ongoing liquidation process of Belle Bay City. The Company has no provision for current income tax in 2013 and 2011 since the Company is in a tax loss position and the Company's income items mainly consists of income already subjected to final tax.

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The reconciliation of the benefit from income tax computed at statutory income tax rate on loss before income tax to the benefit from income tax as shown in the consolidated statements of comprehensive income is as follows:

	2013	2012	2011
Income tax computed at statutory tax rate	(P2,620,400)	(P467,602,998)	(P2,003,078)
Income tax effect of:			
Change in unrecognized deferred tax assets	2,256,650	470,224,883	234,269
Nondeductible expenses	337,382	6,736,946	348,854
Expired NOLCO	26,681	18,206	1,420,140
Interest subject to final tax	(313)	(348)	(185)
	P-	P9,376,689	P-

The components of the Company's temporary differences and carryforward benefits of NOLCO for which no deferred tax assets were recognized are as follows:

	2013	2012
Allowance for impairment of investments	P1,587,088,316	P1,587,088,316
Allowance for doubtful accounts of receivables and others, excluding allowance for input value-added tax (see Note 8)	86,977,098	86,977,098
Allowance for deferred oil exploration and development costs	18,377,841	18,377,841
NOLCO	7,795,342	273,176
	P1,700,238,597	P1,692,716,431

Deferred tax assets amounting to P510.1 million and P507.8 million as at December 31, 2013 and 2012, respectively, were not recognized since management believes that it has no sufficient taxable income against which the deductible temporary differences and the carryforward benefits of these assets can be utilized in the future.

In 2012, NOLCO that was claimed as deductions from normal taxable income by the Parent Company are as follows:

Year Incurred	Expiry Date	Amount
2009	December 31, 2012	P5,968,650
2010	December 31, 2013	6,312,245
2011	December 31, 2014	5,410,332
		P17,691,227

As at December 31, 2013, the Company has the following NOLCO that can be claimed as deductions from normal taxable income:

Year Incurred	Expiry Date	Amount
2011	December 31, 2014	P104,365
2012	December 31, 2015	79,873
2013	December 31, 2016	7,611,104
		P7,795,342

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NOLCO amounting to P0.08 million and P0.01 million had expired in 2013 and 2012, respectively.

15. Related Party Transactions

Related parties are enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or under common control with the Company, including holding companies, and subsidiaries. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related entities. 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 comparable market.

In considering each possible related entity relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Settlement Agreement with Belle

On October 7, 1997, Sinophil subscribed to 1,000,000,000 preferred shares from Belle at P1.00 per share, with a coupon rate of 9.75% per annum (see Note 9). The accrued dividends on the preferred shares from 1997 to 1998 amounting to P92.3 million were paid in August 2009. Sinophil is entitled to receive dividend out of the net profit of Belle when and as declared by Belle's BOD. No additional dividends have been declared on the preferred shares after 1998 because of the absence of retained earnings in Belle.

On August 28, 2009, a Settlement Agreement (Agreement) was executed between Belle and Sinophil to settle the unpaid accrued dividends and to eventually cancel the preferred shares, subject to the transfer by Belle to Sinophil: (1) 220 shares in TMGCI and (2) a 235,583 square meters of developed Rancho Montana land located in Tanauan, Batangas, completion of which is expected within five years from the date of the Agreement. The developed Rancho Montana land together with the 220 TMGCI shares shall be transferred to Sinophil at an aggregate value of at least P1,092.3 million.

Immediately after the execution of the Agreement, Belle transferred the 220 TMGCI shares and executed a Deed of Assignment over the said TMGCI shares to Sinophil. Sinophil, on the other hand, executed a Release, Waiver and Quitclaim (1) accepting the payment of dividends in the form of 220 shares in TMGCI; (2) renouncing its rights to all past, present and future dividends; (3) agreeing to the revocation of the coupon rate originally provided for the preferred shares; and, (4) agreeing to the cancellation of all its preferred shares in Belle upon receipt of the developed Rancho Montana land.

The TMGCI shares amounting to P154.0 million (net of P44.0 million decline in fair value as at December 31, 2009) was recorded as "AFS financial assets" in 2009 (see Note 9). The related outstanding payable (after offsetting the outstanding receivable of P92.3 million) as at December 31, 2013 and 2012 amounting to P105.7 million is presented under "Due to Belle Corporation" account in the consolidated statements of financial position.

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Amendment to Settlement Agreement with Belle

On April 5, 2013, an Amendment to the Settlement Agreement was executed between Belle and Sinophil to modify the composition of its settlement offer for the Preferred Shares. The parties have agreed on the following amendments:

- (1) replacement of the real estate component of the settlement agreement. In lieu of the delivery of 220 saleable lots in Rancho Montana, Belle undertakes to (a) to pay on or before August 28, 2014, approximately P100.0 million of the Preferred Obligation by way of:
 - (i) delivery of developed lots within the Tagaytay Highlands-Midlands Complex, with an aggregate valuation of approximately P75.0 million inclusive of 12% VAT and registration costs.
 - (ii) payment of all costs and expenses estimated at approximately P25.0 million for the conversion and titling of Sinophil's properties located at or near Rancho Montana totaling 36 hectares; (b) delivery on or before August 28, 2019, such number of developed lots in Rancho Montana having an aggregate value of approximately P794.0 million based on agreed valuation of P8,000.00 per square meter, exclusive of VAT.
- (2) modification of penalty for delay in delivery of Rancho Montana lots.

In March 2013, Belle delivered developed lots with estimated value of P65.5 million recognized as "Other Asset" with corresponding "Due to Belle Corporation" in the 2013 consolidated statement of financial position pending transfer of title of the developed lots to the parent company.

Under the Settlement Agreement, the cancellation of the preferred shares shall be effective only upon completion of the transfer of the title of the developed properties to Sinophil.

Other Transactions with Related Parties

In the ordinary course of business, the Company has transactions with related parties which consist mainly of extension or availment of noninterest-bearing advances. The outstanding balances at year-end are due and demandable. There have been no guarantees provided or received for any related party receivables or payables.

The amounts included in these transactions are as follows:

Related Party	Relationship	Transaction		Transaction Amounts	Outstanding Balance	Terms	Condition
Belle	Stockholder	Advances to related party	2013	(P12,008,133)	P16,925,395	Non-interest bearing, due and demandable	Unsecured, no impairment
			2012	(20,170,318)	28,933,528	Non-interest bearing, due and demandable	Unsecured, no impairment
		Partial redemption of preferred shares	2013	73,361,434	179,011,579	Non-interest bearing, due and demandable	Unsecured
			2012	-	105,650,145	Non-interest bearing, due and demandable	Unsecured
Parallax	Stockholder	Advances to related party	2013	-	766,884	Non-interest bearing, due and demandable	Unsecured, no impairment
			2012	766,884	766,884	Non-interest bearing, due and demandable	Unsecured, no impairment

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Related Party	Relationship	Transaction		Transaction Amounts	Outstanding Balance	Terms	Condition
Belle Bay City	Investee	Advances to related party	2013	-	-		Fully settled
			2012	(P1,958,013)	-	Non-interest bearing, due and demandable	Unsecured, no impairment
Officers	Key management personnel	Salaries and wages	2013	P1,341,485	P-		
			2012	P1,341,485	P-		

16. Basic/Diluted Loss Per Common Share Computation

	2013	2012	2011
Net loss (a)	P8,734,667	P1,568,053,348	P6,676,928
Weighted average common shares (b)	7,770,780,000	7,770,780,000	7,770,780,000
Loss per common share (a/b)	P0.00112	P0.20179	P0.00086

17. Financial Assets and Financial Liabilities

Financial Risk Management Objectives and Policies and Capital Management

The Company's principal financial instruments comprise cash in bank, receivables and AFS financial assets. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has other financial liabilities such as accrued expenses and other current liabilities which arise directly from its operations.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and equity price risk. The Company is not exposed to any other type of market risk, such as foreign currency risk and interest rate risk, as the Company has no outstanding foreign currency-denominated accounts and interest-bearing other financial liabilities as at December 31, 2013 and 2012.

The BOD reviews and approves the policies for managing credit, liquidity and equity price risks and they are summarized below:

Credit Risk. Credit risk is the risk that the Company will incur a loss because its counterparties failed to discharge their contractual obligations. Credit risk arises from the Company's financial assets which are composed of cash in bank, receivables and others and AFS financial assets.

It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company's credit risk is concentrated on Belle, a stockholder, of which outstanding balance covers at least 96% and 56% of the Company's total receivables as at December 31, 2013 and 2012, respectively.

The table below shows the maximum exposure to credit risk for the Company's financial assets, without taking into account of any collateral and other credit enhancements:

	Gross Maximum Exposure		Net Maximum Exposure	
	2013	2012	2013	2012
Cash in bank	P925,039	P789,884	P925,039	P789,884
Receivables and others*	17,715,534	29,723,667	17,715,534	29,723,667
AFS financial assets	1,580,820,800	1,601,621,537	1,580,820,800	1,601,621,537
	P1,599,461,373	P1,632,135,088	P1,599,461,373	P1,632,135,088

*This excludes prepayments and input vat amounting to P8,486,265 and P313,056 as at December 31, 2013 and 2012, respectively.

The table below shows the aging analysis of the Company's financial assets.

	2013							Total
	Neither Past Due nor Impaired	Past Due but not Impaired					Impaired	
		Less than 30 days	31 Days to 1 Year	Over 1 Year up to 3 Years	Over 3 Years			
Cash in bank	P925,039	P-	P-	P-	P-	P-	P925,039	
Receivables and others:								
Loan assets	-	-	-	-	-	81,627,975	81,627,975	
Advances to related parties	17,692,279	-	-	-	-	-	17,692,279	
Nontrade and others*	-	-	-	-	23,255	7,411,005	7,434,260	
AFS financial assets	1,580,820,800	-	-	-	-	2,160,006,791	3,740,827,591	
	P1,599,438,118	P-	P-	P-	P23,255	P2,249,045,771	P3,848,507,144	

*This excludes prepayments and input vat amounting to P8,486,265 as at December 31, 2013.

	2012							Total
	Neither Past Due nor Impaired	Past Due but not Impaired					Impaired	
		Less than 30 days	31 Days to 1 Year	Over 1 Year up to 3 Years	Over 3 Years			
Cash in bank	P789,884	P-	P-	P-	P-	P-	P789,884	
Receivables and others:								
Loan assets	-	-	-	-	-	81,627,975	81,627,975	
Advances to related parties	29,700,412	-	-	-	-	-	29,700,412	
Nontrade and others*	-	-	-	-	23,255	7,154,068	7,177,323	
AFS financial assets	1,601,621,537	-	-	-	-	2,160,006,791	3,761,628,328	
	P1,632,111,833	P-	P-	P-	P23,255	P2,248,788,834	P3,880,923,922	

*This excludes prepayments amounting to P313,056 as at December 31, 2012.

The table below shows the credit quality of the Company's financial assets that are neither past due nor impaired based on historical experience with the corresponding third parties.

	2013			Total
	High Grade	Medium Grade	Unrated	
Cash in bank	P925,039	P-	P-	P925,039
Receivables and others -				
Advances to related parties	17,692,279	-	-	17,692,279
AFS financial assets	1,490,939,700	89,800,000	81,100	1,580,820,800
	P1,509,557,018	P89,800,000	P81,100	P1,599,438,118

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	2012			
	High Grade	Medium Grade	Unrated	Total
Cash in bank	P789,884	P-	P-	P789,884
Receivables and others -				
Advances to related parties	29,700,412	-	-	29,700,412
AFS financial assets	1,484,940,437	116,600,000	81,100	1,601,621,537
	P1,515,430,733	P116,600,000	P81,100	P1,632,111,833

High grade financial assets pertain to those receivables from related parties or customers that consistently pay on or before the maturity date while medium grade includes those financial assets being collected on due dates with an effort of collection.

The Company assessed its cash in bank as high grade since this is deposited with reputable banks.

Unquoted AFS financial assets in Belle preferred shares is considered as high grade. Quoted AFS financial assets are assessed based on financial status of the counterparty and its current stock price performance in the market. High grade AFS financial assets consistently show increasing stock prices while medium grade AFS financial assets show decline in value of not more than 20%.

Liquidity Risk. Liquidity risk arises from the possibility that the Company may encounter difficulties in meeting obligations associated with its accrued expenses and other current liabilities.

The Company seeks to manage its liquidity profile to be able to finance its investments and pay its outstanding liabilities. To cover its financing requirements, the Company uses internally generated funds.

Equity Price Risk. Equity price risk is the risk that the fair value of quoted AFS financial assets decreases as the result of changes in the value of individual stocks. The Company's exposure to equity price risk relates primarily to the Company's quoted AFS financial assets.

The following table demonstrates the sensitivity to a reasonably possible change in equity price, with all other variables held constant, of the Company's equity. The impact on the Company's of equity already excludes the impact on transactions affecting the consolidated profit or loss before income tax.

	2013		2012	
	Increase in Equity Price	Decrease in Equity Price	Increase in Equity Price	Decrease in Equity Price
Percentage increase (decrease) in equity price	3.65%	(3.65%)	0.39%	(0.39%)
Effect on equity	P2,153,582	(P2,153,582)	P230,741	(P230,741)

Capital Management

The primary objective of the Company's capital management is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes made in the objectives, policies or processes in 2013 and 2012.

The Company considers the following as its capital.

	2013	2012
Capital stock	P7,927,310,000	P7,927,310,000
Additional paid-in capital	2,039,727,799	2,039,727,799
Subscriptions receivable	(4,962,580,586)	(4,962,655,586)
Deficit	(2,972,488,493)	(2,963,753,826)
	P2,031,968,720	P2,040,628,387

Fair Value of Financial Assets and Financial Liabilities

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's-length transaction, other than in a forced liquidation or sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

The carrying values of cash in bank, receivables and others (excluding prepayments and input VAT), and accrued expenses and other current liabilities (excluding statutory liabilities) approximate their fair values due to the short-term nature of the transactions.

The fair values of AFS financial assets in quoted equity shares are based on quoted prices in the PSE or those shares whose prices are readily available from brokers or other regulatory agency as at reporting date. There are no quoted market prices for the unlisted shares of stock and there are no other reliable sources of their fair values, therefore, these are carried at cost, net of any impairment loss.

The following table provides the quantitative disclosures of fair value measurement hierarchy of the Company's assets and liabilities, other than those with carrying amounts that are reasonable approximation of fair value, as of December 31, 2013:

Fair Value Measurement Using					
	Date of Valuation	Quoted (Unadjusted) Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets					
Assets measured at fair value					
AFS investments - listed	December 31, 2013	P490,939,700	P-	P-	P490,939,700
Liabilities					
Liabilities for which fair value is disclosed:					
Payable arising from acquisition of land	December 31, 2013	-	179,011,579	-	179,011,579

The Company has no financial liabilities measured at fair value as at December 31, 2013 and 2012. There were no transfers between fair value measurements in 2013 and 2012.

18. Segment Information

The primary segment reporting format is presented based on business segments in which the Company's risks and rates of return are affected predominantly by differences in the products and services provided. Thus, the operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Company is organized into three business segments, which are investment holding, real estate and public amusement recreation.

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

2013					
	Investment Holding	Real Estate	Public Amusement and Recreation	Eliminations/ Adjustments	Consolidated
Earnings Information					
Gain on liquidating dividend	P-	P-	P-	P-	P-
Interest income	1,043	-	-	-	1,043
Costs and expenses	(8,590,138)	(20,845)	(124,727)	-	(8,735,710)
Net loss for the year	(8,589,095)	(20,845)	(124,727)	-	(8,734,667)
Other Information					
AFS financial assets	1,713,501,913	42,263,100	11,768,917	(186,713,130)	1,580,820,800
Segment assets	469,146,291	766,884	19,086,544	(2,161,149)	486,838,570
Segment liabilities	347,293,210	513,643,369	1,028,510	(629,632,007)	232,333,082
Consolidated total assets	2,182,648,204	43,029,984	30,855,461	(188,874,279)	2,067,659,370
Consolidated total liabilities	347,293,210	513,643,369	1,028,510	(629,632,007)	232,333,082
2012					
	Investment Holding	Real Estate	Public Amusement and Recreation	Eliminations/ Adjustments	Consolidated
Earnings Information					
Gain on liquidating dividend	P33,324,175	P-	P-	P-	P33,324,175
Interest income	1,160	-	-	-	1,160
Costs and expenses	(6,827,962)	(47,295)	(38,421)	-	(6,913,678)
Provision for impairment of AFS financial assets	(1,643,407,304)	-	-	58,318,988	(1,585,088,316)
Net loss for the year	(1,616,909,931)	(47,295)	(38,421)	58,318,988	(1,558,676,659)
Other Information					
AFS financial assets	P1,734,261,804	P48,524,300	P1,946,523	(P183,111,090)	P1,601,621,537
Segment assets	395,336,647	766,884	29,033,664	(100,136)	425,037,059
Segment liabilities	264,928,625	513,622,522	1,028,510	(617,707,753)	161,871,904
Consolidated total assets	2,129,598,451	49,291,184	30,980,187	(183,211,226)	2,026,658,596
Consolidated total liabilities	264,928,625	513,622,522	1,028,510	(617,707,753)	161,871,904
2011					
	Investment Holding	Real Estate	Public Amusement and Recreation	Eliminations/ Adjustments	Consolidated
Earnings Information					
Interest income	P615	P-	P-	P-	P615
Costs and expenses	(6,327,406)	(72,125)	(38,012)	-	(6,437,543)
Provision for impairment of advances to subsidiaries	(16,584,011)	-	-	16,584,011	-
Provision for impairment of AFS financial assets	(240,000)	-	-	-	(240,000)
Net loss for the year	(23,150,802)	(72,125)	(38,012)	16,584,011	(6,676,928)

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	2011				Consolidated
	Investment Holding	Real Estate	Public Amusement and Recreation	Eliminations/ Adjustments	
Other Information					
AFS financial assets	3,313,164,615	53,220,200	1,946,524	(246,078,683)	3,122,252,656
Segment assets	344,346,441	766,884	29,072,085	-	374,185,410
Segment liabilities	261,725,572	513,575,227	1,028,510	(617,560,323)	158,768,986
Consolidated total assets	3,657,511,056	53,987,084	31,018,609	(246,078,683)	3,496,438,066
Consolidated total liabilities	261,725,572	513,575,227	1,028,510	(617,560,323)	158,768,986

The following illustrate the reconciliations of reportable segment revenues, net profit, assets and liabilities to the Company's corresponding amounts:

	2013	2012	2011
Net Profit for the Year			
Total profit for reportable segments	(P8,735,710)	(P1,616,995,647)	(P6,676,928)
Elimination for intercompany profits	-	58,318,988	-
Consolidated net profit	(P8,735,710)	(P1,558,676,659)	(P6,676,928)
Assets			
Total assets for reportable segments	P488,999,719	P425,137,195	P374,185,410
Investments and advances	1,767,533,930	1,784,732,627	3,368,331,339
Elimination for intercompany advances and investments	(188,874,279)	(183,211,226)	(246,078,683)
Consolidated assets	P2,067,659,370	P2,026,658,596	P3,496,438,066

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income or loss and is measured consistently with net income or loss in the consolidated financial statements. However, financing (including interest expense and interest income) and income taxes are managed as a whole and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

19. Contingency

The Parent Company is a party to a civil case filed by Metroplex before the CA to review the February 26, 2009 Order of the SEC denying the Metroplex petition to nullify the approval of the reduction of the capital stock of the Parent Company (see Notes 2 and 12). The CA sustained the ruling of the SEC, thus Metroplex filed a petition for review with the SC. As at March 11, 2014, the Supreme Court has yet to resolve this petition.

Management and its legal counsel believe that the Parent Company has substantial legal and factual bases for its position and are of the opinion that losses arising from the aforementioned case, if any, will not have a material impact on the Company's consolidated financial statements.

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20. Supplemental Disclosure of Cash Flow Information

In 2013, the principal noncash investing activity pertain to Belle's delivery of developed lots to Sinophil with estimated value of P65.5 million, exclusive of input value added tax of P7.9 million, as partial settlement for the cancellation of preferred shares (see Note 15).

In 2012, the principal noncash investing activities include offsetting of subscription payments for Belle shares against advances to Belle amounting to P42.8 million (see Note 9), and receipt of liquidating dividend in the form of land valued at P108.7 million (see Note 10).

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SINOPHIL CORPORATION AND SUBSIDIARIES
Consolidated Statements of Financial Position

	March 31, 2014 (Unaudited)	December 31, 2013 (Audited)
ASSETS		
Current Assets		
Cash	P 1,108,108	P 925,039
Receivables and others	24,365,355	26,201,799
Other asset	65,501,280	65,501,280
Total Current Assets	90,974,743	92,628,118
Noncurrent Assets		
Available-for-Sale investments	1,649,653,431	1,580,820,800
Investment property	394,210,452	394,210,452
Total Noncurrent Assets	2,043,863,883	1,975,031,252
	P 2,134,838,626	P 2,067,659,370
LIABILITIES AND EQUITY		
Current Liabilities		
Accrued expenses and other current liabilities	P 53,408,306	P 53,321,503
Noncurrent Liability		
Due to Belle	179,011,579	179,011,579
Total Liabilities	P 232,419,885	P 232,333,082
Equity		
Capital Stock	7,927,310,000	7,927,310,000
Additional paid-in capital	2,039,727,799	2,039,727,799
Subscription receivable	(4,962,580,586)	(4,962,580,586)
Cost of Parent company shares held by a subsidiary	(512,594,197)	(512,594,197)
Other reserves	384,784,395	315,951,765
Deficit	(2,974,228,670)	(2,972,488,493)
Net Equity	1,902,418,741	1,835,326,288
	P 2,134,838,626	P 2,067,659,370

SINOPHIL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended March 31			
	2014		2013	
	(Unaudited)		(Unaudited)	
INCOME				
Interest income from cash in bank	P	192	P	408
GENERAL AND ADMINISTRATIVE EXPENSES		(1,740,370)		(1,489,947)
NET LOSS		(1,740,178)		(1,489,539)
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized gains (loss) arising from changes in market value of available for sale investments during the quarter		68,832,631		78,379,684
TOTAL COMPREHENSIVE LOSS FOR THE QUARTER	P	67,092,453	P	76,890,145
Basic/Diluted Loss Per Common Share	P	(0.00022)	P	(0.00019)

SINOPHIL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Three Months Ended March 31	
	2014 (Unaudited)	2013 (Unaudited)
CAPITAL STOCK - P1 par value		
Authorized:		
Preferred - 6,000,000,000 shares		
Common - 10,130,000,000 shares		
Issued:		
Balance at beginning of year	P 3,096,990,785	P 3,096,440,785
Issuances	-	100,000
Balance at end of period	3,096,990,785	3,096,540,785
Subscribed:		
Balance at beginning of year	4,830,319,215	4,830,869,215
Issuances	-	(100,000)
Balance at end of period	4,830,319,215	4,830,769,215
Subscription receivable:		
Balance at beginning of year	(4,962,580,586)	(4,962,655,586)
Collections	-	75,000
Balance at end of period	(4,962,580,586)	(4,962,580,586)
	2,964,729,414	2,964,729,414
ADDITIONAL PAID-IN CAPITAL	2,039,727,799	2,039,727,799
Other Reserves		
Balance at beginning of year	374,270,753	395,071,490
Net Unrealized Mark-to-Market Gain on Available-for-Sale Investments	68,832,631	78,379,684
Balance at the end of period	443,103,384	473,451,174
SHARE IN CUMULATIVE TRANSLATION ADJUSTMENTS OF AN ASSOCIATE	(58,318,988)	(58,318,988)
PARENT COMPANY SHARES HELD BY A SUBSIDIARY	(512,594,197)	(512,594,197)
DEFICIT		
Balance at beginning of year	(2,972,488,493)	(2,963,753,826)
Net loss	(1,740,178)	(1,489,539)
Balance at end of period	(2,974,228,671)	(2,965,243,365)
	P 1,902,418,741	P 1,941,751,837

**SINOPHIL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Three Months Ended March 31	
	2014 (Unaudited)	2013 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	P (1,740,178)	P (1,489,539)
Adjustments for:		
Provisions for impairment of:		
Receivables and others	118,514	67,657
Interest income from cash in bank	(192)	(408)
Loss before working capital changes	(1,621,857)	(1,422,290)
Decrease in receivables and others	1,717,930	1,548,082
Increase (decrease) in accrued expenses and other current liabilities	86,803	245,257
Interest received	192	408
Net cash provided by operating activities	183,069	371,457
CASH FLOW FROM A FINANCING ACTIVITY		
Collection of subscription receivable	-	75,000
NET INCREASE IN CASH	183,069	446,457
CASH AT BEGINNING OF PERIOD	925,039	789,884
CASH AT END OF PERIOD	P 1,108,108	P 1,236,341

SINOPHIL CORPORATION
 SCHEDULE OF RECEIVABLES, ADVANCES AND OTHER ASSETS
 March 31, 2014

NAME	AMOUNT
Advances to Affiliates	16,004,701
Belle Corporation	15,237,817
Parallax Resources, Inc.	766,884
Total	<u>16,004,701</u>
Others	<u>18,255</u>
Total Receivables*	16,022,956
Other Current Assets	<u>8,342,398</u>
Total Receivables and Other Assets	<u><u>24,365,355</u></u>

*Total receivables consists of Advances to Affiliates and others which are collectible after more than 1 year.