SECURITIES AND EXCHANGE COMMISSION

SEC FROM 17-Q

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

1. For the quarterly period ended March 31, 2014

2. Commission identification number: PW-2   3. BIR Tax Identification No. 000-103-216

   A. SORIANO CORPORATION
4. Exact name of issuer as specified in its charter

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

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

   7/F Pacific Star Bldg., Gil J. Puyat Ave. corner Makati Avenue, Makati City
7. Address of issuer's principal office   Postal Code

   8190251
8. Issuer's telephone number, including area code

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

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

Title of each Class	Number of shares of common Stock outstanding and amount Of debt outstanding
Common	2,500,000,000

……
……

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

    Yes [x] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange	Common

12. Indicate by check mark whether the registrant:

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

Yes [x] No [ ]

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

Yes [ ] No. [x]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Financial statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and content of Financial Statements, shall be furnished as specified therein.

Please see SEC FORM 17-Q - Table of Contents

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

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex "C".

Please see SEC FORM 17-Q - Table of Contents

PART II – OTHER INFORMATION

The issuer may, at its option, report under item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

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

Issuer: A. SORIANO CORPORATION

Signature and Title: (Sgd.) JOSHUA CASTRO
AVP- Asst. Corporate Secretary

Date: May 14, 2014

Principal Financial/Accounting Officer/Controller: (Sgd.) NARCISA M. VILLAFLOR
Signature and Title VP - Comptroller

Date: May 14, 2014

SECForm17-Q
May 14, 2014

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PART I – FINANCIAL INFORMATION

A. SORIANO CORPORATION

CONSOLIDATED BALANCE SHEETS

(In Thousand Pesos)

	March 31	December 31
	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents	**457,866**	743,893
Fair value through profit and loss (FVPL) investments	**429,149**	479,880
Receivables	**563,087**	439,039
Inventories	**77,329**	82,691
Available-for-sale (AFS) investments - current	**51,164**	48,950
Prepayments	**58,252**	41,645
Other current assets	**96,330**	85,116
Total Current Assets	**1,733,177**	1,921,212
Noncurrent Assets		
AFS investments – net of current portion	**10,839,402**	10,299,579
Investments and advances	**3,198,144**	3,078,290
Goodwill	**620,710**	612,333
Property and equipment	**1,064,802**	1,031,160
Investment properties	**206,769**	206,769
Retirement plan asset	**54,014**	53,846
Other noncurrent assets	**219,823**	123,326
Total Noncurrent Assets	**16,203,664**	15,405,305
TOTAL ASSETS	**17,936,841**	17,326,517
LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable	**160,235**	125,095
Accounts payable and accrued expenses	**442,473**	400,910
Dividends payable	**210,297**	264,015
Customer's deposits for property development	**223,820**	156,858
Income tax payable	**5,695**	2,056
Current portion of long-term debt	**24,107**	31,338
Total Current Liabilities	**1,066,626**	980,272

	March 31 2014	December 31 2013
Noncurrent Liabilities		
Long-term debt – net of current portion	**2,137,146**	2,109,427
Deferred revenues	**29,058**	28,448
Deferred income tax liabilities	**102,957**	108,877
Retirement benefits payable	**9,888**	10,965
Other noncurrent liabilities	**77,445**	80,623
Total Noncurrent Liabilities	**2,356,495**	2,338,340
Total Liabilities	**3,423,121**	3,318,612
Equity Attributable to Equity Holdings of the Parent		
Capital stock - 1 par value	**2,500,000**	2,500,000
Additional paid-in capital	**1,605,614**	1,605,614
Cumulative translation adjustment	**22,736**	(20,418)
Equity reserve on acquisition of minority interest	**(26,357)**	(26,357)
Unrealized valuation gains on AFS investments	**3,045,826**	3,675,942
Cumulative actuarial gains	**37,331**	35,720
Retained Earnings		
Appropriated	**3,000,000**	3,000,000
Unappropriated	**5,988,801**	4,898,587
Cost of shares held by a subsidiary	**(2,037,650)**	(2,031,223)
	14,136,301	13,637,866
Noncontrolling interests	**377,419**	370,039
Total Equity	**14,513,720**	14,007,905
TOTAL LIABILITIES AND EQUITY	**17,936,841**	17,326,517

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings Per Share)

	Periods Ended March 31	
	2014	2013
REVENUES		
Services	**514,756**	522,131
Equity in net earnings of associates	**93,088**	41,844
Interest income	**18,159**	32,406
Management fee	**14,228**	14,382
Dividend income	**70,427**	83,811
	710,657	694,574
INVESTMENT GAINS (LOSSES)		
Gain on sale of AFS investments	**986,551**	451,297
Gain (loss) on increase (decrease) in market values of FVPL investments	**2,009**	(2,863)
	988,560	448,434
	1,699,218	1,143,008
Cost of services rendered	**(335,784)**	(316,185)
Operating expenses	**(246,297)**	(220,861)
Interest expense	**(15,227)**	(4,306)
Foreign exchange loss	**(6,088)**	(7,412)
Valuation allowances - net	**(147)**	(113)
Other income – net	**9,959**	975
	(593,583)	(547,903)
INCOME BEFORE INCOME TAX	**1,105,634**	595,105
PROVISION FOR INCOME TAX - net	**7,205**	16,757
NET INCOME	**1,098,429**	578,348
Attributable to:		
Equity holdings of the parent	**1,090,214**	562,370
Minority interest	**8,215**	15,978
	1,098,429	578,348
EARNINGS PER SHARE		
Basic/diluted, for net income attributable to equity holdings of the parent	**0.87**	0.45

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousand Pesos Except Earnings Per Share)

	Periods Ended March 31	
	2014	2013
NET INCOME FOR THE PERIOD	**1,098,429**	578,348
OTHER COMPREHENSIVE INCOME		
Gain (Loss) on Increase (Decrease) in Market Value of Available for sale (AFS) investments	**(636,222)**	683,796
Unrealized Actuarial Gain	**2,302**	-
Exchange Differences on Translating Foreign Operations	**43,154**	(5,659)
Income tax relating to components of other comprehensive income	**5,415**	1,151
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX	**(585,351)**	679,287
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**513,078**	1,257,635

A. SORIANO CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In thousand pesos)

	Attributable to Equity Holders of the Parent										
							Retained Earnings				
	Capital Stock	Additional Paid-in Capital	Equity Reserve on Acquisition of Minority Interest	Unrealized Valuation Gains on AFS Investments	Cumulative Actuarial Gains	Cumulative Translation Adjustment	Appropriated	Unappropriated	Cost of Shares Held by a Subsidiary	Noncontrolling Interest	Total
Balance at 12/31/2012	**2,500,000**	**1,574,104**	**(26,357)**	**3,458,315**	**-**	**(155,685)**	**2,100,000**	**4,757,264**	**(2,019,725)**	**338,817**	**12,526,734**
Comprehensive income	-	-	-	684,947	-	(5,659)	-	562,370	-	15,978	1,257,635
Appropriation of retained earnings	-	-	-	-	-	-	900,000	(900,000)	-	-	-
Sale of shares held by a subsidiary	-	15,262	-	-	-	-	-	-	5,042	-	20,304
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	-	(458)	(458)
Balance at 03/31/2013	**2,500,000**	**1,589,366**	**(26,357)**	**4,143,262**	**0**	**(161,345)**	**3,000,000**	**4,419,634**	**(2,014,683)**	**354,337**	**13,804,215**
Balance at 12/31/2013	**2,500,000**	**1,605,614**	**(26,357)**	**3,675,942**	**35,720**	**(20,418)**	**3,000,000**	**4,898,587**	**(2,031,223)**	**370,039**	**14,007,905**
Comprehensive income	-	-	-	(630,116)	1,611	43,154	-	1,090,214	-	8,215	513,078
Sale of shares held by a subsidiary	-	-	-	-	-	-	-	-	(6,427)	-	(6,427)
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	-	(835)	(835)
Balance at 03/31/2014	**2,500,000**	**1,605,614**	**(26,357)**	**3,045,826**	**37,331**	**22,736**	**3,000,000**	**5,988,801**	**(2,037,650)**	**377,419**	**14,513,720**

A. SORIANO CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousand Pesos)

	Periods Ended March 31	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**1,105,634**	595,105
Adjustment for:		
Depreciation and amortization	**31,283**	29,257
Interest expense	**15,227**	4,306
Foreign exchange loss - net	**7,644**	5,359
Valuation allowances - net	**147**	113
Gain on sale of AFS investments	**(986,551)**	(451,297)
Equity in net earnings of associates	**(93,088)**	(41,844)
Interest income	**(18,159)**	(32,406)
Dividend income	**(70,427)**	(83,811)
Loss (gain) on decrease (increase) in market values of FVPL investments	**(2,009)**	2,863
Operating income (loss) before working capital changes	**(10,299)**	27,647
Decrease (increase) in:		
FVPL investments	**58,318**	(147,317)
Receivables	**(104,100)**	(24,414)
Inventories	**5,362**	17,479
Increase (decrease) in:		
Accounts payable and accrued expenses	**21,468**	(40,042)
Retirement benefits payable	**(3,376)**	(1,710)
Customer' deposit for property development	**66,962**	-
Net cash generated from (used in) operations	**34,335**	(168,357)
Dividend received	**70,427**	83,811
Interest received	**18,676**	32,576
Interest paid	**(15,227)**	(4,306)
Income taxes paid	**(4,022)**	(14,252)
Net cash flows from (used in) operating activities	**104,189**	(70,529)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of AFS investments	**2,889,232**	1,868,949
Addition to:		
AFS investments	**(3,056,868)**	(660,521)
Long-term investments	**-**	(4)
Property and equipment	**(64,925)**	(96,638)

	Periods Ended March 31	
	2014	2013
Decrease (increase) in:		
Other assets	**(124,318)**	(6,975)
Other noncurrent liabilities	**(3,178)**	28,506
Advances to affiliates	**278**	911
Net cash flows from (used in) investing activities	**(359,778)**	1,134,228
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long-term debt	**(6,556)**	(254,081)
Proceeds from (payment of):		
Notes payable	**35,139**	(7,675)
Dividends	**(53,718)**	(105,147)
Sale shares held by a subsidiary	**(6,427)**	20,304
Increase (decrease) in:		
Deferred revenue	**610**	(3,658)
Minority interest	**(835)**	(458)
Net cash flows from (used in) financing activities	**(31,788)**	(350,714)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**1,350**	(6,505)
NET INCREASE IN (DECREASE) CASH AND CASH EQUIVALENTS	**(286,026)**	706,479
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**743,893**	870,553
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**457,866**	1,577,032

A. SORIANO CORPORATION
PARENT COMPANY BALANCE SHEETS
(In Thousand Pesos)

	March 31	December 31
	2014	2013
ASSETS		
Cash and Cash Equivalents	**157,382**	387,823
Fair Value through Profit and Loss (FVPL) Investments	**419,754**	470,778
Available for Sale (AFS) Investments	**10,289,512**	9,809,819
Receivables - net	**272,058**	140,548
Investments and Advances- net	**5,203,840**	5,146,562
Property and Equipment - net	**38,461**	39,628
Retirement Plan Asset	**53,846**	53,846
Other Assets	**1,081**	796
TOTAL ASSETS	**16,435,934**	16,049,801
LIABILITIES AND EQUITY		
Liabilities		
Notes Payable	**55,000**	-
Accounts Payable and Accrued Expenses	**84,509**	97,344
Dividends Payable	**210,297**	264,015
Long-term Debt	**2,024,820**	1,997,775
Deferred Income Tax Liabilities	**55,151**	57,558
Total Liabilities	**2,429,777**	2,416,691
Equity		
Capital Stock - 1 Par Value	**2,500,000**	2,500,000
Additional Paid-in Capital	**1,589,800**	1,589,800
Unrealized Valuation Gains on AFS Investments	**3,010,146**	3,641,239
Unrealized Actuarial Gains	**30,400**	30,400
Retained Earnings		
Appropriated	**3,000,000**	3,000,000
Unappropriated	**3,875,812**	2,871,671
Total Equity	**14,006,157**	13,633,110
TOTAL LIABILITIES AND EQUITY	**16,435,934**	16,049,801

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings Per Share)

	Periods Ended March 31	
	2014	2013
REVENUES		
Dividend income	**90,427**	83,811
Interest Income	**16,310**	31,642
Management fees	**14,228**	14,382
	120,965	129,835
INVESTMENT GAINS (LOSSES)		
Gain on sale of AFS investments	**987,042**	451,339
Gains (Losses) on increase (decrease) in market values of FVPL investments	**1,840**	(2,910)
	988,882	448,429
	1,109,847	578,264
Operating expenses	**(86,575)**	(66,848)
Interest expense	**(13,300)**	(2,625)
Foreign exchange loss	**(6,206)**	(8,017)
Other income – net	**63**	966
	(106,018)	(76,524)
INCOME BEFORE INCOME TAX	**1,003,828**	501,740
PROVISION FOR (BENEFIT FROM) INCOME TAX - (NET)	**(312)**	(1,605)
NET INCOME	**1,004,141**	503,345
Earnings Per Share – basic/diluted	**0.40**	0.20

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

(In Thousand Pesos)

	Periods Ended March 31	
	2014	2013
NET INCOME FOR THE PERIOD	**1,004,141**	503,345
OTHER COMPREHENSIVE INCOME (LOSS)		
Gain (Loss) on Increase (Decrease) in Market Value of Available for sale (AFS) investments	**(633,187)**	684,209
Income tax effect	**2,094**	1,887
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX	**(631,093)**	686,097
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**373,047**	1,189,442

A. SORIANO CORPORATION

PARENT STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Capital Stock	Additional Paid-in Capital	Unrealized Valuation Gains on AFS Investments	Unrealized Actuarial Gain	Retained Earnings		Total
					Appropriated	Unappropriated	
Balance at 12/31/2012	**2,500,000**	**1,589,800**	**3,407,481**	**-**	**2,100,000**	**2,863,535**	**12,460,815**
Appropriation of retained earnings	-	-	-	-	900,000	(900,000)	-
Comprehensive income	-	-	686,097	-	-	503,345	1,189,442
Balance at 03/31/2013	**2,500,000**	**1,589,800**	**4,093,577**	**-**	**3,000,000**	**2,466,880**	**13,650,257**
Balance at 12/31/2013	**2,500,000**	**1,589,800**	**3,641,239**	**30,400**	**3,000,000**	**2,871,671**	**13,633,110**
Comprehensive income	-	-	(631,093)	-	-	1,004,141	373,047
Balance at 03/31/2014	**2,500,000**	**1,589,800**	**3,010,146**	**30,400**	**3,000,000**	**3,875,812**	**14,006,157**

A. SORIANO CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS
(In Thousand Pesos)

	Periods Ended March 31	
	2 014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	**1,003,828**	501,740
Adjustment for:		
Interest expense	**13,300**	2,625
Net foreign exchange loss	**6,206**	8,017
Depreciation and amortization	**1,707**	1,644
Gain on sale of AFS investments	**(987,042)**	(451,339)
Dividend income	**(90,427)**	(83,811)
Interest income	**(16,310)**	(31,642)
Loss (gain) on decrease (increase) in market values of FVPL investments	**(1,840)**	2,910
Operating loss before working capital changes	**(70,576)**	(49,856)
Increase in receivables	**(111,415)**	(8,951)
Decrease (increase) in FVPL investments	**58,442**	(147,340)
Increase (decrease) in accounts payable and accrued expenses	**(32,929)**	(62,626)
Net cash used in operations	**(156,479)**	(268,774)
Dividend received	**90,427**	83,811
Interest received	**16,310**	31,642
Interest paid	**(13,300)**	(2,625)
Income tax paid	**-**	(220)
Net cash flows used in operating activities	**(63,043)**	(156,166)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of AFS investments	**2,878,948**	1,851,920
Additions to:		
AFS investments	**(2,991,562)**	(658,898)
Property and equipment	**(26)**	(19)
Increase in:		
Advances to affiliates	**(57,278)**	(30,481)
Other assets	**(285)**	514
Net cash flows from (used in) investing activities	**(170,203)**	1,163,032

	Periods Ended March 31	
	2 014	2013
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	**55,000**	(250,000)
Payment of cash dividends	**(53,718)**	(105,147)
Increase in due to affiliates	**-**	20,319
Net cash flows from (used in) financing activities	**1,282**	(334,829)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**1,523**	(7,168)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(230,441)**	664,868
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**387,823**	669,127
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**157,382**	1,333,995

Additional Notes to Consolidated Financial Statements

1. Segment Information

Information with regard to the Company's significant business segments are shown below (in thousand pesos):

	Before Eliminations						After Eliminations
	US-based Nurse/PT Staffing Co.**	Resort Operation	Other Operations (Note 1)	Holding Co. (Parent)	Total	Eliminations	**Consolidated**
03/31/2014							
REVENUE	292,663	170,707	64,913	1,109,847	1,638,129	61,088	**1,699,218**
NET INCOME (LOSS)	175	15,305	5,653	1,004,141	1,025,274	73,155	**1,098,429**
TOTAL ASSETS	860,967	1,505,765	3,353,835	16,435,934	22,156,502	(4,219,661)	**17,936,841**
INVESTMENTS AND ADVANCES	0	103,119	3,036,007	15,913,107	19,052,233	(4,327,604)	**14,724,629**
PROPERTY & EQUIPMENT	5,382	834,593	62,462	38,461	940,897	123,905	**1,064,802**
TOTAL LIABILITIES	129,422	696,722	3,526,282	2,429,777	6,782,203	(3,359,082)	**3,423,121**
DEPRECIATION AND AMORTIZATION	1,226	19,968	8,895	1,194	31,283	-	**31,283**

	Before Eliminations						After Eliminations
	US-based Nurse/PT Staffing Co. **	Resort Operation	Other Operations (Note 1)	Holding Co. (Parent)	Total	Eliminations	**Consolidated**
March 31, 2013							
REVENUES	283,352	178,372	127,613	578,264	1,167,601	(24,593)	**1,143,008**
NET INCOME (LOSS)	(8,581)	39,022	60,868	503,345	594,653	(16,305)	**578,348**
TOTAL ASSETS	782,221	1,116,545	1,148,071	14,035,165	17,082,002	(2,262,574)	**14,819,428**
INVESTMENT PORTFOLIO *	-	100,288	801,700	12,554,192	13,456,180	(2,358,121)	**11,098,059**
PROPERTY, PLANT & EQUIPMENT	8,299	687,906	87,096	34,836	818,138	123,905	**942,043**
TOTAL LIABILITIES	116,770	374,237	1,341,041	384,908	2,216,956	(1,201,743)	**1,015,213**
DEPRECIATION AND AMORTIZATION	796	18,403	8,582	1,476	29,257	-	**29,257**

****   Inclusive of FVPL investments, AFS investments, advances & investments and investment properties.***

*****   Excluding IQHPC operations which were consolidated into IQMAN, the latter formed part of other operations.***

Note 1 Other than Cirrus Global, Inc. (formerly IQMAN) consolidated operations, also included are the operations of A. Soriano Air Corporation, Anscor International, Inc. and Anscor Property Holdings, Inc.

- The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered.
- Healthcare staffing segment engages in the contract and temporary staffing and permanent placement of nurses and allied healthcare professional (e.g. physical therapists) in the USA.
- Holding company segment pertains to the operation of the parent company with earnings from income of its financial and operating investment assets.
- Other operations include hangarage, real estate holding and management and manpower services.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations based on IFRIC Interpretation which were adopted as of January 1, 2013.

- Amendments to PFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*, require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format, unless another format is more appropriate, the following minimum quantitative information. This is resented 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 consolidated balance sheet;
  c) The net amounts presented in the consolidated balance sheet;
  d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
     i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
     ii. Amounts related to financial collateral (including cash collateral); and
  e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

  The amendments have no impact on the Group's consolidated financial statements.

- PFRS 10, *Consolidated Financial Statements, 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 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 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.

This new standard has no impact on the Group's financial position or performance. A reassessment of control was performed by the Company on all its subsidiaries and associates in accordance with the provisions of PFRS 10. Following the reassessment, the Company determined that there are no additional entities that need to be consolidated nor are there subsidiaries that need to be deconsolidated.

- Amendments to PAS 27, *Separate Financial Statements. As a consequence of the issuance of the new PFRS 10 and PFRS 12, Disclosure of Interest in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, joint ventures, and associates in the separate financial statements. The amendment becomes effective for annual periods beginning on or after January 1, 2013. The adoption of the amended PAS 27 has no significant impact on the separate financial statements of the Group.

- PFRS 11, *Joint Arrangements, replaces PAS 31, Interests in Joint Ventures, and SIC 13, Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. PFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method.

  The Group does not have any jointly controlled entities so the adoption of this new standard has no significant impact on the consolidated financial statements of the Group.

- PFRS 12, *Disclosure of Interests in Other Entities, includes all of the disclosures related to financial statements that were previously in PAS 27*, as well as all the disclosures that were previously included in PAS 31 and PAS 28, Investments in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

  The adoption of PFRS 12 affects disclosures only and has no impact on the Group's financial position or performance. The additional disclosures required are presented in Note 12 to the financial statements.

- Amendments to PAS 28, *Investments in Associates and Joint Ventures*. As a consequence of the issuance of the new PFRS 11 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. The Group does not have any joint venture so the adoption of this amendment has no significant impact on its consolidated financial statements.

- PFRS 13, *Fair Value Measurement*, establishes a single source of guidance under PFRSs 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 when fair value is required or permitted. PFRS 13 also requires additional disclosures.

  The Group has assessed its policies for measuring fair values of its financial instruments and changes were applied prospectively. Additional disclosures, where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

- Amendments to PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income or OCI*, change the grouping of items presented in OCI. Items that can 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 Group's financial position or performance.

- Amendments to PAS 19, *Employee Benefits*, 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.

  On January 1, 2013, the Group adopted the Revised PAS 19, *Employee Benefits*.

  For defined benefit plans, the Revised PAS 19 requires all actuarial gains and losses be recognized in other comprehensive income and unvested past service costs previously recognized over the average vesting period be recognized immediately in profit or loss when incurred.

  The Revised PAS 19 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net balance sheet defined benefit liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.

  The Revised PAS 19 also amended the definition of short-term employee benefits and requires employee benefits to be classified as short-term based on expected timing of settlement rather than the employee's entitlement to the benefits. In addition, the Revised PAS 19 modifies the timing of recognition for termination benefits. The modification requires the termination benefits to be recognized at the earlier of when the offer cannot be withdrawn or when the related restructuring costs are recognized.

Prior to adoption of the Revised PAS 19, the Group recognized actuarial gains and losses as income or expense when the net cumulative unrecognized gains and losses for each individual plan at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets and recognized unvested past service costs as an expense on a straight-line basis over the average vesting period until the benefits become vested. Upon adoption of the revised PAS 19, the Group changed its accounting policy to recognize all actuarial gains and losses in other comprehensive income and all past service costs in profit or loss in the period they occur.

The changes in accounting policies have been applied retrospectively. The effects of adoption on the consolidated financial statements are as follows:

	December 1,2013
	(In Millions)
Increase (decrease) in:	
<u>Consolidated Balance sheets</u>	
Net defined benefit liability	**(₱ 11.0)**
Net defined benefit asset	**40.9**
Deferred tax assets	**(15.2)**
Cumulative actuarial gains	**35.7**
Retained earnings	**(2.2)**
Noncontrolling interests	**3.2**

	Years Ended December 31
	2013
	(In Millions)
Increase (decrease) in:	
<u>Consolidated Statements of Income</u>	
Cost of services rendered	**₱–**
Operating expenses	**(0.8)**
Income before income tax	**0.8**
Income tax benefits	**(0.2)**
Net income	**(1.0)**
Attributable to equity holdings of the Parent Company	**(0.8)**
Attributable to noncontrolling interests	**(0.2)**
Basis/diluted earnings per share	**–**

Consolidated Statement of Comprehensive Income	
Unrealized actuarial gains	**₱15.4**
Income tax effect	**(4.7)**
Other comprehensive income for the year, net of tax	**10.7**
Attributable to equity holdings of the Parent Company	**10.5**
Attributable to noncontrolling interests	**0.2**

The additional disclosures required are presented in Note 23 to the consolidated financial statements.

Changes to definition of short-term employee benefits and timing of recognition for termination benefits do not have any impact to the Group's financial position and financial performance.

The adoption did not have a significant impact on consolidated statements of cashflows.

- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*, 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 Group as the Group is not involved in any mining activities.

- Amendment to PFRS 1, *First-time Adoption of International Financial Reporting Standards - Government Loans, require first-time adopters to apply the requirements of PAS 20, Accounting for Government Grants and Disclosure of Government Assistance*, prospectively to government loans existing at the date of transition to PFRS. However, entities may choose to apply the requirements of PAS 39, Financial Instruments: Recognition and Measurement, and PAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for those loans. These amendments are not relevant to the Group as the Group is not a first time adopter of PFRS.

Annual Improvements to PFRSs (2009-2011 cycles)
The Annual Improvements to PFRSs (2009-2011 cycles) contain non-urgent but necessary amendments to PFRSs. The Group adopted these amendments for the current year.

- PFRS 1*, First-time Adoption of PFRS - Borrowing Costs*, 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 Group as it is not a first-time adopter of PFRS.

- PAS 1, *Presentation of Financial Statements - Clarification of the Requirements for Comparative Information*, clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PAS 16, *Property, Plant and Equipment - Classification of Servicing Equipment*, clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise. The amendment has no impact on the Group's financial position or performance.

- PAS 32, *Financial Instruments: Presentation - Tax Effect of Distribution to Holders of Equity Instruments*, clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, Income Taxes. The Group assessed that this amendment has no impact on its financial position or performance.

- PAS 34, *Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities*, 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 Group's financial position or performance.

<u>New Accounting Standards, Interpretations and Amendments to
Existing Standards Effective Subsequent to December 31, 2013</u>

The Group will adopt the standards, amendments and interpretations enumerated below when these become effective. The Group continues to assess the impact of the following new and amended accounting standards and interpretations. Except as otherwise indicated, the Group does not expect the adoption of these new changes in PFRS to have a significant impact on the consolidated financial statements. The relevant disclosures will be included in the notes to the consolidated financial statements when these become effective.

Effective in 2014

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

- Amendments to PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*, 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. 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. The Group did not early adopt these amendments. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- Philippine Interpretation IFRIC 21, Levies (IFRIC 21). 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. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014. The Group does not expect that IFRIC 21 will have material financial impact in future consolidated financial statements.

- Amendments to PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*, provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

- Amendments to PFRS 10, PFRS 12 and PAS 27 - *Investment Entities*, provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments are effective for annual periods beginning on or after January 1, 2014. It is not expected that this amendment would be relevant to the Group since none of the entities in the Group would qualify to be an investment entity under PFRS 10.

Effective in 2015

- Amendments to PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions*, 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. It is not expected that this amendment would be relevant to the Group since the Group has no contributory defined benefit retirement plan.

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

- PFRS2, *Share-based Payment - Definition of Vesting Condition*, 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. This amendment does not apply to the Group as it has no share-based payments.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*, clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted).The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*, requires 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. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables*, 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.

- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*, 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. The amendment has no impact on the Group's financial position or performance since the Group does not have any revalued property, plant and equipment.

- PAS 24, *Related Party Disclosures - Key Management Personnel*, clarifies 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. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*, clarifies 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. The amendments have no impact on the Group's financial position or performance.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (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'*, 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. This amendment is not applicable to the Group as it is not a first-time adopter of PFRS.

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*, 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. This amendment is not applicable to the Group as the Group currently does not have any joint arrangements.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*, 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. The amendment has no significant impact on the Group's financial position or performance.

- PAS 40, *Investment Property*, 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. The amendment has no significant impact on the Group's financial position or performance.

Effectivity date to be determined

- PFRS 9, *Financial Instruments*, 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 ccounting, 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 replace PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. 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 to 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 Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items, but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

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 Group will not adopt the standard before the completion of the limited amendments and the second phase of the project. The Group shall conduct another impact evaluation in early 2014 using the consolidated financial statements for the year ended December 31, 2013.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. This 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, Construction Contracts, or involves rendering of services in which case revenue is recognized based on stage of completion. The Philippine 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. Adoption of the interpretation when it becomes effective will not have any impact on the consolidated financial statements of the Group.

3. Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and the following wholly-owned and majority-owned subsidiaries as at December 31:

		Percentage of Ownership	
	Nature of Business	**2014**	**2013**
A. Soriano Air Corporation	Services/Rental	100	100
Pamalican Island Holdings, Inc. (PIHI)	Holding	62	62
Island Aviation, Inc. (IAI)	Air Transport	62	62
Anscor Consolidated Corporation (Anscorcon)	Holding	100	100
Anscor International, Inc. (AI)	Holding	100	100
IQ Healthcare Investments Limited (IQHIL)	Manpower Services	100	100
Cirrus Medical Staffing, Inc. (Cirrus)	Manpower Services	94	94
Cirrus Holdings USA, LLC (Cirrus LLC)	Manpower Services	94	94
Cirrus Allied, LLC (Cirrus Allied)	Manpower Services	94	94
NurseTogether, LLC (NT)	Online Community Management	94	94
Anscor Property Holdings, Inc. (APHI)	Real Estate Holding	100	100
Akapulko Holdings, Inc. (Akapulko)	Real Estate Holding	100	100
Goldenhall Corp.	Real Estate Holding	100	100
Lakeroad Corp.	Real Estate Holding	100	100
Mainroad Corp.	Real Estate Holding	100	100
Makatwiran Holdings, Inc. (Makatwiran)	Real Estate Holding	100	100
Makisig Holdings, Inc. (Makisig)	Real Estate Holding	100	100
Malikhain Holdings, Inc. (Malikhain)	Real Estate Holding	100	100
Mountainridge Corp.	Real Estate Holding	100	100
Rollingview Corp.	Real Estate Holding	100	100
Summerside Corp.	Real Estate Holding	100	100
Timbercrest Corp.	Real Estate Holding	100	100
Sutton Place Holdings, Inc. (Sutton)	Holding	100	100
Cirrus Global, Inc. (CGI)	Manpower Services	93	93
IQ Healthcare Professional Connection LLC (IQHPC)	Manpower Services	93	93
Seven Seas Resorts and Leisure, Inc. (SSRLI)	Villa Project Development	62	62
Pamalican Resort, Inc. (PRI)	Resort Operations	62	62

In 2012, Goldenhall, Lakeroad, Mainroad, Mountainridge, Rollingview, Summerside and Timbercast, wholly-owned subsidiaries of APHI, were incorporated as real estate holding companies.

Except for AI, IQHIL, Cirrus and its subsidiaries and IQHPC, the above companies are all based in the Philippines. The principal business location of AI and IQHIL is in the British Virgin Islands (BVI), while Cirrus and its subsidiaries and IQHPC are based in the United States of America (USA).

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Noncontrolling interests represent a portion of profit or loss and net assets of subsidiaries not held by the Group, directly or indirectly, and are presented separately in the consolidated statement of comprehensive income and within the equity section in the consolidated balance sheet and consolidated statement of changes in equity, separately from Company's equity.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

In 2008, Sutton acquired an additional 32% interest in CGI, increasing its ownership to 93%. The excess of the consideration over the book value of the interest acquired was taken to "Equity Reserve on Acquisition of Noncontrolling Interest" in the consolidated balance sheets.

Investments in Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements and are initially recognized at cost. On acquisition of investment in an associate, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill. Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The Group’s share of its associates’ post-acquisition profits or losses is recognized in the consolidated statement of income, and its share of post-acquisition movements in the associates’ equity reserves is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Any change in OCI of those investees is presented as part of the Group’s OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity.

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group’s interest in the associate. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the assets transferred. The reporting dates of the associates of the Group are identical and the associates’ accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

The Group determines at the end of each reporting period whether there is any evidence that the investments in associates are impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investments and their recoverable amount.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in consolidated profit or loss.

The following are the Group's associates:

		Percentage of Ownership	
	Nature of Business	2012	2011
NewCo., Inc. (Newco)	Real Estate	45	45
AFC Agribusiness Corporation	Real Estate	45	45
Anscor-Casto Travel Corporation	Travel Agency	44	44
Phelps Dodge International Philippines, Inc. (PDIPI)	Holding	40	40
Minuet Realty Corporation (Minuet)	Landholding	60	60
Phelps Dodge Philippines Energy Products Corporation (PDP Energy)	Wire Manufacturing	40	40
PD Energy International Corporation (PDEIC)	Wire Manufacturing	40	40
Vicinetum Holdings, Inc. (VHI	Holding	32	32
AGP International Holdings Ltd. (AGPI)	Holding	27	-

Minuet has been excluded in the consolidated financial statements as special voting requirements adopted by its shareholders manifested that the Company's 60% holdings in Minuet is not sufficient to carry major business decisions.

On June 28, 2013, AI converted its Convertible Bridge Notes from AGPI to Series B voting preferred shares. On June 29, 2013, AI signed a definitive agreement with AGPI for the subscription to series C voting preferred shares. The subscription increases its holdings to 26.8 %, making AGPI an associate of the Group.

Except for AGPI, the above companies are all based in the Philippines. The principal business location of AGPI is in the British Virgin Islands.

On December 2, 2011, a deed of assignment was executed for the sale of the Company's 60% holdings in Vesper Industrial and Development Corporation. Gain recognized from the sale amounted to E16.7 million recorded under gains on sale of long-term investments in 2011.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit or a group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognized in the consolidated statement of income.

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in Peso based on the exchange rate recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing exchange rate at the end of reporting period. All differences are taken to the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the closing exchange rates at the date when the fair value was determined. Foreign exchange gains and losses relating to AFS equity instruments are presented under other comprehensive income.

Financial statements of consolidated foreign subsidiaries which are considered foreign entities are translated into the presentation currency of the Group (Peso) at the closing exchange rate at end of reporting period and their statements of income are translated using the monthly weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity (under cumulative translation adjustment). On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated statement of income.

Fair Value Measurement

The Group measures financial assets (such as FVPL and AFS investments) at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost and of investment properties are disclosed.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted AFS financial assets, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated balance sheet when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date. Derivatives are recognized on trade date basis.

Initial recognition of financial instruments

All financial assets are initially recognized at fair value. Except for securities at FVPL, the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS investments, and loans and receivables. Financial liabilities are classified as financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Determination of fair value

The fair value of instruments that are actively traded in organized financial markets is determined by reference to market prices at the close of business at the end of the reporting period. For financial instruments where there is no active market, fair value is determined using 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 or other valuation models.

Classification of financial instruments

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

As of March 31, 2014, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets and financial liabilities at FVPL

This category includes financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

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

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Derivatives recorded at FVPL

The Group enters into derivative contracts such as currency forwards. These derivative financial instruments are initially recorded at fair value and are subsequently remeasured at fair value at each reporting date. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the consolidated statement of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. There are no outstanding freestanding derivative contracts as of March 31, 2014 and December 31, 2013.

The Group has certain derivatives that are embedded in host financial contracts, such as structured notes and debt investments and conversion. These embedded derivatives include calls and puts in debt investments and interest rate and conversion options among others.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met: (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (c) the hybrid or combined instrument is not recognized at FVPL.

Embedded derivatives are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Financial assets and financial liabilities at FVPL are recorded in the consolidated balance sheets at fair value. Changes in fair value are recorded in "Gain (loss) on increase (decrease) in market values of FVPL investments". Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.
As of March 31, 2014 and December 31, 2013, the Group has designated as FVPL all investments in bonds that have callable and other features, managed/hedged funds, and derivatives. No financial liability at FVPL is outstanding as of March 31, 2014 and December 31, 2013.

(b) Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not in an active market. They are not entered into with the intention of immediate or short-term resale. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in the interest income in the consolidated statement of income. The losses arising from impairment of such loans and receivables are recognized as "Recoveries (valuation allowances) - net" in the consolidated statement of income.

Included under loans and receivables are cash in banks, short-term investments, trade receivables, receivables from villa owners, notes receivable, interest receivable, advances to officers and employees and other receivables.

(c) AFS investments
AFS investments are those which are designated as such or do not qualify to be classified as FVPL, HTM or loans and receivables. They are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. They include equity investments, money market papers, investments in managed funds and other debt instruments.

After initial measurement, AFS investments are subsequently measured at fair value. However, AFS instruments in unquoted equity shares whose fair values cannot be reliably measured are carried at cost, less any impairment loss. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in the consolidated statements of income. The unrealized gains and losses arising from the fair valuation of AFS investments and the impact of restatement on foreign currency-denominated AFS equity securities are reported as part of other comprehensive income.

When the security is disposed of, the cumulative gain or loss previously recognized under other comprehensive income is transferred to profit or loss as “Gain on sale of AFS investments”. Where the Group holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding AFS investments are reported as interest income using the effective interest rate.

Dividends earned on holding AFS investments are recognized as such in the consolidated statements of income when the right of payment has been established.

The Group classifies bonds held as AFS investments as current assets when the investments are expected to mature within twelve months after the reporting period.

(d) Other financial liabilities

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized as well as through the amortization process.

Borrowings are classified as current liabilities unless these are expected to be settled within 12 months after the reporting date or the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

As of March 31, 2014 and December 31, 2013, included in other financial liabilities are the Group’s notes payable, accounts payable and accrued expenses, long-term debt and dividends payable.

As of March 31, 2014 and December 31, 2013, there were no financial instruments classified as HTM.

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 or removed from the consolidated balance sheet where:

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

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

Financial liabilities

A financial liability is removed from the consolidated balance sheet when the obligation under the liability is discharged or 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 will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Impairment of Financial Assets

The Group assesses at each end of reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortized cost

For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

For individually significant financial assets, if there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, collateral type, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with changes in related observable data from period to period (such changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to the consolidated statements of income. Interest income, if any, continues to be recognized based on the original effective interest rate of the asset. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to "Recoveries (valuation allowances) - net" in the consolidated statement of income.

AFS investments

In case of equity investments classified as AFS, objective evidence of impairment would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of income - is removed from equity and recognized in the consolidated statement of income. The losses arising from impairment of such investments are recognized as "Recoveries (valuation allowances) - net" in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income. Increases in fair value after impairment are recognized in the consolidated statement of comprehensive income.

In the case of debt instruments classified as AFS investments, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of "Interest income" in the consolidated statement of income. If, in the subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

Day 1 Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the consolidated statement of 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 recognized in the consolidated statements of income only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Offsetting Financial Instruments

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

Revenue and Cost Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received excluding discounts, rebates, and other sales taxes or duties.

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

Sale of Goods

Sale of goods, including villa lots, is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Revenue on Villa Development Project

Revenue on Villa Development Project of a subsidiary is recognized under the completed contract method. Under this method, revenue is recognized only when the villa clusters have been constructed, turned over to, and accepted by the buyer.

Cost of Goods Sold

The cost of goods sold is recognized as expense when the related goods are sold using the average costing method.

The cost of real estate sold includes the acquisition cost of the land and total development costs upon completion. Cost of lots sold is determined based on average method while cost of villa is accounted for using specific identification.

Rendering of Services

Management fees, air transport services, and other aviation-related activities are recognized when the services have been performed.

Revenue on nurse placements is recognized upon the nurses' arrival and employment in the U.S. hospitals.

All deposits on contracts with U.S. hospitals are recorded under "Deferred revenues" until the contracted nurses' arrival and employment in the U.S. hospitals.

Revenue from temporary staffing is recognized when services are rendered.

Revenue on permanent placements is recognized when the candidate starts with the contracting facility. The Company does not, in the ordinary course of business, give refunds. If a candidate leaves a permanent placement within a relatively short period of time, it is customary for the Company to provide a replacement at no additional cost to the hospital.

Revenue from contractual services consists of jobs filled by subcontractors. The Company contracts with other staffing companies to provide the travelers to fill the jobs for the Company. These staffing companies are called subcontractors. Subcontractors are paid based on agreed terms at a percentage of the invoice.

Revenue from rooms is recognized based on actual occupancy. Other ancillary services are recognized when the related services are rendered and/or facilities/amenities are used.

Costs of Services Rendered
All direct nurse costs incurred in deployment of nurses are deferred and included in "Other noncurrent assets" in the consolidated balance sheets, until the nurses' arrival and employment in the U.S. hospitals. Upon the nurses' arrival and employment in the U.S. hospitals, deferred costs are reversed to "Costs of services rendered".

Cost and expenses related to room services are charged to operations when incurred.

Selling, General and Administrative Expenses
All selling and general and administrative expenses are expensed as incurred.

Interest
Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Dividends
Dividend income is recognized when the shareholders' right to receive the payment is established.

Rental
Rental income is accounted for on a straight-line basis over the lease term.

<u>Other Comprehensive Income</u>
Other comprehensive income comprises of items of income and expense that are not recognized in consolidated profit or loss for the year in accordance with PFRS. Other comprehensive income of the Group pertains to gains and losses on remeasuring AFS investments, exchange differences on translating foreign operations and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities. In computing for the earnings available for dividend declaration and earnings per share, other comprehensive income is not considered.

Cash and Cash Equivalents

Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Restricted cash funds are recorded as other noncurrent assets unless the restriction is expected to be released at least 12 months after the reporting period.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost of aircraft spare parts and supplies is determined at purchase price using the first-in, first-out method while NRV is the estimated current replacement cost of such spare parts and supplies.

Cost of food and beverage inventories and operating supplies is determined using the moving average method. NRV of food and beverage inventories is the estimated selling price in the ordinary course of business, less the estimated cost of preparation and the estimated cost necessary to make the sale. NRV of operating supplies is the estimated current replacement cost.

Residential units held for sale include those costs incurred for the development and improvement of the properties. Its NRV is based on the available net selling price of similar residential units sold during the year.

Prepayments

Prepayments include advance payments of various goods and services that are yet to be delivered and from which future economic benefits are expected to flow to the Group within the normal operating cycle or, within 12 months from the reporting date.

They are initially measured at the amount paid in advance by the Group for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

Property and Equipment

Depreciable properties, including buildings and improvements, leasehold improvements, machinery and other equipment, flight and ground equipment, furniture, fixtures and office equipment, and transportation equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Property and equipment are written-off when either these are disposed of or when these are permanently withdrawn from use and there is no more future economic benefit expected from its use or disposal.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Depreciation is computed on a straight-line method over the following estimated useful lives of the properties, except for aircraft engine which is computed based on flying hours.

Category	Number of Years
Buildings and improvements	10 - 30
Land improvements	25
Leasehold improvements*	5-20
Machinery and equipment	5-25
Flight and ground equipment	5-10
Furniture, fixtures and office equipment	3-5
Transportation equipment	3-5

* or lease term, whichever is shorter

The useful lives, depreciation and amortization method, and residual values are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the use of property and equipment.
Construction in progress (CIP) is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time the relevant assets are completed and put into operational use.

<u>Property Development in Progress</u>
Property development in progress includes the acquisition costs of raw lots and development costs incurred.

Property development in progress is carried at the lower of cost incurred and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Investment Properties

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group's investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses. Land is subsequently carried at cost less any impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred.

Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the investment properties but not to exceed:

Category	Number of Years
Land improvements	25
Buildings	20 - 30
Condominium units	20

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (namely, property and equipment and investment properties) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and 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, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

An impairment loss is charged to operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Goodwill

Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statements of income.

Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as of December 31 of each year.

Noncurrent Assets Held for Sale and Discontinued Operations

Noncurrent assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Noncurrent assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Depreciable assets are no longer depreciated once they are classified as noncurrent assets held for sale and discontinued operations.

In the consolidated statement of income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from normal income and expenses down to the level of profit after taxes, even when the Group retains a noncontrolling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately from the consolidated statement of income.

Customer's Deposit for Property Development

Customer's deposit for property development is recorded at cost. The deposit is an advance payment by a villa buyer which is required to start and complete the villa development. Upon sale, the deposit will be applied against the total selling price of the villa.

Other Noncurrent Assets and Other Noncurrent Liabilities

Other noncurrent assets represent restricted cash funds for future acquisition of specific property and equipment and for future villa operating requirements. A corresponding liability is recognized for these funds under other noncurrent liabilities.

Capital Stock

Capital stock represents the total par value of the shares issued.

Additional Paid-in Capital

Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared.

Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items, which are considered not available for dividend declaration.

Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Cost of Shares Held by a Subsidiary

The Company's shares which are acquired and held by a subsidiary (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in the consolidated statements of income on the purchase, sale, issue or cancellation of the Company's shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a, c or d above, and at the date of renewal or extension period for scenario b.

The Group as Lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

The Group as Lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Pension Benefits

The Group has a non-contributory defined benefit retirement plan.

Defined benefit plan

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and 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. Where the Group 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 in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Income Taxes

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that have been enacted or substantively enacted as of end of the reporting period.

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

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for deductible temporary differences, carry forward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carry forward of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise 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 income nor taxable income.

Deferred income tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries and associates. With respect to investments in foreign subsidiaries and associates, deferred income tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of reporting period.

Current income tax and deferred income tax relating to items recognized directly in equity are also recognized in equity and not in the consolidated statement of income.

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

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares as of March 31, 2014 and 2013.

Dividends on Common Shares

Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective shareholders of the Company and subsidiaries. Dividends for the year that are approved after the end of reporting period are dealt with as an event after the end of reporting period.

Events After the Reporting Period

Post year-end events that provide additional information about the Group's position at the end of reporting period (adjusting events) 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.

Segment Reporting

The Group'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 and serves different markets.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, other comprehensive income (loss) and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

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

Judgments

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

Determination of functional currency

The Company's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments

The Group classifies a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheets.

Operating Lease Commitments - The Group as Lessee

The Group has entered into leases of office and commercial spaces. The Group has determined that all significant risks and rewards of ownership of these spaces remain with the lessors.

Operating Lease Commitments - The Group as Lessor

The Group has entered into a commercial property lease on its investment property. The Group has determined that it retains all the significant risks and rewards of ownership of this property and so accounts for it as an operating lease.

Financial assets not in an active market

The Group classifies financial assets by evaluating, among others, whether the asset is or not in an active market. Included in the evaluation on whether a financial asset is in an active market is the determination on whether prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's-length basis.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the balance sheet 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.

Impairment losses on loans and receivables

The Group reviews its loans and receivables at each reporting date to assess whether an impairment loss should be recorded in the consolidated statements of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

For the advances to related parties, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. For the receivables, the Group evaluates specific accounts where the Group has information that certain customers or third parties are unable to meet their financial obligations. Facts, such as the Group's length of relationship with the customers or other parties and their current credit status, are considered to ascertain the amount of reserves that will be recognized. These reserves are re-evaluated and adjusted as additional information is received.

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or,
- other valuation models.

However, if the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed, the Company measures the investment at cost.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. The Group performs periodic reassessment by reference to prices from observable current market transactions in the same instrument or from other available observable market data.

Impairment of AFS equity investments

The Group recognizes impairment losses on AFS equity investments when there has been a significant or prolonged decline in the fair value of such investments below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. In determining whether the decline in value is significant, the Group considers historical volatility of share price (i.e., the higher the historical volatility, the greater the decline in fair value before it is likely to be regarded as significant) and the period of time over which the share price has been depressed (i.e., a sudden decline is less significant than a sustained fall of the same magnitude over a longer period).

Impairment of investments carried at equity method

Investments carried at equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group's impairment test on investments carried at equity is based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next five years as well as the terminal value at the end of five years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Estimation of allowance for inventory and impairment losses

The Group estimates the allowance for inventory obsolescence and impairment losses related to inventories based on specifically identified inventory items. The amounts and expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for inventory and impairment losses would increase recorded expenses and decrease current assets.

Estimation of useful lives of the Group's property and equipment

The Group estimates the useful lives of property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of these assets is based on collective assessment of internal technical evaluation and experience with similar assets. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Impairment of non-financial assets
(a) Property and equipment and investment properties

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

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

(b) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the "value-in-use" of the cash-generating units to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimation of contingent consideration
Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. Where the contingent consideration meets the definition of a derivative and, thus, a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Recognition of deferred income tax assets
The Group reviews the carrying amounts of the deferred income tax assets at each end of reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets.

Determination of pension and other retirement benefits
The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Provisions and contingencies
Judgment is exercised by management to distinguish between provisions and contingencies.

5. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents, receivables, investments in debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long term bank loans. The Group's other financial instruments include accounts payable and dividends payable and amounts due to affiliates, which arose directly from operations.

The Company's investment objectives consist mainly of:

a) maintaining a bond portfolio that earns adequate cash yields and,
b) maintaining a stable equity portfolio that generates capital gains through a combination of long-term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are foreign currency risk, credit risk, liquidity risk, interest rate risk and equity price risk. These risks are monitored by the Company's Investment Committee (the Committee).

The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. The Committee is formed by the Company's

Chairman, Vice Chairman, Chief Finance Officer, and an independent consultant. The evaluation and meetings occur at least every quarter.

The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk
The Group is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of either an individual, counterparty or issuer being able to or unwilling to honor its contractual obligations. The Group is exposed to credit risk arising from the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Group does not have a customer that accounts for more than 10% of the consolidated revenue.

Credit risk management
In managing credit risk on these investments, capital preservation is paramount. The Group transacts only with recognized and creditworthy counterparties. For investments in bonds, funds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Credit risk exposures
The carrying amounts of the assets represent maximum credit exposure.

Credit quality per class of financial asset
For the Group's receivables, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy.

The Group evaluates credit quality on the basis of the credit strength of the security and/or counterparty/issuer. High grade financial assets reflect the investment grade quality of the investments and/or counterparty; realizability is thus assured. Standard grade assets are considered moderately realizable.

Financial assets that are past due but not impaired
Under PFRS 7, a financial asset is past due when a counterparty has failed to make a payment when contractually due.

Liquidity risk
Liquidity risk is defined as the risk that the fund may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Group ensures investments have ample liquidity to finance operations and capital requirements. Short-term bank loans are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or equity are used for financing when the business requirement calls for it to ensure adequate liquidity in the subsidiaries and affiliates' operation.
The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due, this is done by primarily investing in highly liquid investments.

The Group's total financial liabilities due to be settled within one year includes notes payable that management considers s working capital. Account payable and accrued expenses and dividends payable are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

Market risks
Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Group. The Group is exposed primarily to the financial risks of changes in interest rates, foreign currency risk and equity price risks.

Investments exposed to market risk are foreign and local currency denominated quoted debt instruments, foreign and local currency denominated equity instruments and mutual fund/hedge fund investments.

There has been no change to the Group's manner in managing and measuring the risk.

a. Interest rate risks

   Cash flow interest rate risk
   Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

   Fair value interest rate risk
   Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group accounts for its quoted debt instruments at fair value. Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

b. Equity price risk
   Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stocks. The equity price risk exposure arises from the Group's investment in stocks listed in the PSE index (PSEi).

c. Price interest risk of mutual funds
   The Group is exposed to the risks of changes in the fund's net asset value due to its market risk exposures.

d. Foreign exchange risks
   Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group exposure arises primarily from investments in foreign currency denominated debt investments and equity securities.

   The Company and a subsidiary's foreign exchange risk arises primarily from investments in foreign currency denominated debt and equity securities. To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies, including Philippine peso and other major currencies such as U.S. dollar and Euro. This also enables the Company and a subsidiary to access investment opportunities in those currencies. The Company and a subsidiary occasionally engage in foreign currency forward contracts as a defensive measure against foreign currency volatility.

   On borrowings, it is the Company's group-wide policy for its subsidiaries and associates where it has significant influence to minimize any foreign exchange risks. Thus, all borrowings whether short-term or long-term, in general, should be in Philippine peso. Any foreign currency borrowings may be engaged only if matched by the entities' corresponding currency revenue flows or by a foreign currency asset. As such, SSRLI and IQMAN can borrow in U.S. dollar as their revenues are dollar-based. It is also the policy of the Group to minimize any foreign exchange exposure in its management of payables. Any substantial exposure is covered by foreign exchange contracts, if necessary.

Capital Management

Due to the diversity of the operations of each company in the Group, capital risk management processes in place are specific to each company. Below are the capital risk management policies of the Company and its more significant subsidiary and associate:

a. The primary objective of the Company's capital management is to ensure an adequate return to its shareholders and to maximize its value to its shareholders. In pursuance of this goal, the Company establishes an optimum risk return investment objectives through a sound diversified investment portfolio and in ensuring a fair credit rating, the Company establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the balance sheet.
No changes were made in the objectives, policies or process for the period ended March 31, s014 and December 31, 2013.

b. Cirrus' and CGI's capital management objectives are:

- To ensure its ability to continue as a going concern; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

CGI monitors capital on the basis of the carrying amount of equity as presented on the face of the balance sheet.

CGI sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. It manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying business.

6. Financial Instruments

Fair Value of Financial Assets and Liabilities

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments:

	March 31, 2014		December 31, 2013	
(In Thousand Pesos)	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
FVPL investments:				
Bonds	**356,893**	**356,893**	410,431	410,431
Funds and equities	**55,590**	**55,590**	53,378	53,378
Others	**16,666**	**16,666**	16,070	16,070
	429,149	**429,149**	479,880	479,880
AFS investments:				
Bonds	**1,168,683**	**1,168,683**	843,879	843,879
Quoted equity shares	**8,074,002**	**8,074,002**	7,915,174	7,915,174
Funds and equities	**453,739**	**453,739**	442,937	442,937
Proprietary shares	**177,238**	**177,238**	177,238	177,238
Unquoted shares	**675,138**	**675,138**	675,138	675,138
	10,548,800	**10,548,800**	10,054,365	10,054,365
	10,977,949	**10,977,949**	10,534,245	10,534,245

The carrying amounts of cash and cash equivalents, receivables, notes payable, dividends payable and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments. As of March 31, 2014 and December 31, 2013, AFS investments amounting to P341.8 million and P294.2 million were carried at cost since these are investments in unquoted equity shares and the fair values cannot be measured reliably.

The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

The following methods and assumptions were used to estimate the fair values:

- FVPL investments in bonds, funds and equities and others are derived from quoted market prices in active markets.
- AFS investments in bonds, quoted equity shares and funds and equities and proprietary shares are derived from quoted market prices in active markets.
- AFS investments in unquoted equity shares are based on the discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and growth rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

The following table provides the Group's fair value measurement hierarchy of its assets:

March 31, 2014

(In Thousand Pesos)		Fair value measurement using		
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant observable inputs (Level 2)
FVPL investments:				
Bonds	410,431	410,431	-	-
Funds and equities	53,378	53,378	-	-
Others	16,070	16,070	-	-
	479,880	479,880	-	-
AFS investments:				
Bonds	843,879	843,879	-	-
Quoted equity shares	7,915,174	7,915,174	-	-
Funds and equities	442,937	442,937	-	-
Proprietary shares	177,238	177,238	-	-
Unquoted shares	675,138	-	-	675,138
	10,054,365	9,379,228	-	675,138
	10,534,245	9,859,108	-	675,138

December 31, 2013

(In Thousand Pesos)

		Fair value measurement using		
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant observable inputs (Level 2)
FVPL investments:				
Bonds	356,893	356,893	-	-
Funds and equities	55,590	55,590	-	-
Others	16,666	16,666	-	-
	429,149	429,149	-	-
AFS investments:				
Bonds	1,168,683	1,168,683	-	-
Quoted equity shares	8,074,002	8,074,002	-	-
Funds and equities	453,739	453,739	-	-
Proprietary shares	177,238	177,238	-	-
Unquoted shares	675,138	-	-	675,138
	10,548,800	9,873,662	-	675,138
	10,977,949	10,302,811	-	675,138

Description of significant unobservable inputs to valuation of financial instruments classified under Level 3 (in millions):

	Valuation technique	**Significant unobservable inputs**	**Range**	**Sensitivity of input to fair value**
Enderun	DCF Model	Student growth rate of 10%	5% - 15%	5%: fair value of P267
				15%: fair value of P327
		Tuition fee increase by 2%	0% - 5%	0%: fair value of P256
				5%: fair value of P337
		Other income growth rate of 15%	5% - 20%	5%: fair value of P270
				20%: fair value of P297

	Valuation technique	**Significant unobservable inputs**	**Range**	**Sensitivity of input to fair value**
KSA	DCF Model	Cost of capital of 11%	8% - 12%	8%: fair value of P357
				12%: fair value of P239
		Dividend payout is =40 million	(5%) - 1%	(5%): fair value of P375
				1%: fair value of P392
		Cost of capital of 11%	10% - 30%	10%: fair value of P396
				30% fair value of P382
		Cost of capital of 11%	10% - 12%	10%: fair value of P419
				12% fair value of P362

An increase in the percentage of EBITDA over revenue would increase the fair value of the investment in Enderun.

An increase in the expected lease income of KSA would increase the dividend payout, which would lead to an increase in the fair value of the investment in KSA.

Reconciliation of fair value measurement of AFS assets in unquoted equity shares (in millions):

	Enderun	KSA	Total
As at 1 January 2014	**P286**	**P7**	**P293**
Re-measurement recognized in OCI	-	382	382
Realized gains (losses) in profit or loss	-	-	-
Unrealized gains (losses) in profit or loss	-	-	-
Purchases	-	-	-
Reclassified in discontinued operations	-	-	-
Transfer into/out of Level 3	-	-	-
Sales	-	-	-
As at 31 March 2014	**P286**	**P389**	**P675**

For the period ended March 31, 2014 and December 31, 2013, there were no transfer from level 1, Level 2 and level 3 fair value measurements.

7. Financial Condition

There was no significant change in the Company's Balance Sheet as of March 31, 2014 versus December 31, 2013.

Cash and Cash Equivalents

The decrease in cash and cash equivalents can be attributed to net cash flows used in investing activities amounting to P359.8 million offset by cash generated from operating and financing activities.

(Please see attached consolidated cash flow statements for detailed analysis of cash movements.)

Fair Value Through Profit and Loss (FVPL) Investments

The decrease in the account can be attributed to the net disposal for the period of about P58.3 million. The market value of foreign denominated investment in bonds, stocks and funds increased by P2.0 million vs. December 31, 2013 market values. Unrealized foreign exchange gain related to FVPL investments amounted to P5.6 million.

Receivables
The increase in receivables was mainly due to Parent Company's advances to an associate and dividend receivable from Aboitiz Group subsequently collected in April 2014.

Inventories
The decrease is traced to spare parts and supplies utilized for three months by the aviation and resort subsidiaries.

Prepayments
Increase in this account can be attributed mainly to prepaid expenses related to resort operation.

Other Current Assets
Increase in this account can be attributed mainly to additional deposits made by aviation subsidiary in relation to the maintenance service plan for its aircrafts. Also, the resort made additional deposits related to construction related materials.

Available for Sale (AFS) Investments
Net increase in this amount amounted to P542.0 million. Additions were mostly in bonds, equity funds and traded equities. There was a decrease in market value of AFS investments, offset by foreign exchange gain from translation of foreign currency-denominated AFS investments.

Investments and Advances
The increase in investments and advances was mainly due to equity in net earnings of associates for the period amounting to P93.1 million. Unrealized foreign exchange gain related to foreign equity investment amounted to P27.0 million.

Goodwill
The goodwill from US-based staffing business increased by P8.4 million due to foreign exchange gain from the translation of net assets of the medical staffing company.

Property, Plant and Equipment - net
Depreciation charged to operations amounted to P31.3 million while additions to property and equipment amounted to P64.9 million, mainly attributable to special capital expenditures of the resort subsidiary.

Other Noncurrent Assets
Change in the account balance can be attributed to the increase in cash fund of the resort subsidiary for villa operation.

Notes Payable

The increase in the balance was mainly due to short-term loan availed by the Parent Company as of March 31, 2014.

Accounts Payable and Accrued Expenses

The increase was mainly attributable to the recorded liabilities for ongoing projects of the resort subsidiary.

Customer's Deposits for Property Development

The increase in the account was due additional deposits made by villa buyers.

Income Tax Payable

Movement in the account was attributable to income tax accrued by the group for three months of 2014 offset by tax payment made as of March 31, 2014.

Long-term Debt (current and noncurrent)

The increase in the account can be attributed mainly to unrealized foreign exchange loss related dollar denominated loan by the Parent Company amounting to P27.0 million.

Deferred Income Tax Liabilities

Decrease in the account was mainly due to the deferred tax effect on the decline in value of AFS investments.

Retirement Benefits Payable

Movement in the retirement benefit payable pertains to the amount funded by the group.

Cumulative Translation Adjustment

This account includes translation adjustments of Anscor International, Inc., Cirrus Medical Staffing, Inc. and Cirrus Global, Inc.'s subsidiary IQHPC.

Unrealized valuation gains on AFS investments (equity portion)

The decrease in market values of AFS investments from December 31, 2013 to March 31, 2014 amounted P630.1 million, net of deferred income taxes. When the assets are sold, the gain or loss is realized and will be reflected in the consolidated statements of income.

Noncontrolling interests (equity portion)

The increase in minority interest was mainly due to share of minority shareholders on income of the resort and aviation subsidiaries net of share in losses of minority shareholders of Cirrus Global, Inc. for the period ended March 31, 2014.

Others

There were no commitments for major capital expenditures in 2014.

8. Results of Operation

Management is not aware of any known trends, events or uncertainties except for political and market uncertainties that may have material impact on the Company's recurring revenues and profits.

The following are the key performance indicators for the Parent Company (In thousand pesos except earnings per share and market price per share):

	Periods ended March 31	
	2014	*2013*
Revenues (excluding investment gains or losses)	***53,217***	*129,835*
Investment Gains	***988,882***	*448,429*
Net Income	***936,393***	*503,345*
Earnings Per Share	***0.37***	*0.20*
Market Price Per Share (PSE)	***6.75***	*6.95*

The discussions below were based on the consolidated results of the Company and its subsidiaries.

Revenues

This year's consolidated gross revenues of P1.6 billion was 42.7% higher than last year's revenue of P1.1 billion. Anscor posted higher investment gain (P448.4 million to P988.9 million) due to increased number of equities sold in the stock market. It also generated increase of equity in net earnings of associates for the first three months of 2014.

Cost of Services Rendered

Increase in cost of services rendered was mainly attributable to higher cost of services of the nurse staffing business and the resort subsidiary.

Operating Expenses

Increase can be attributed to the higher operating expenses of the Parent Company, resort and nurse staffing business.

Foreign Exchange Loss

Due to the appreciation of dollar and euro vis-à-vis peso, the parent company reported higher foreign exchange loss on its dollar denominated loan partially offset by foreign exchange gain on its foreign currency denominated investment in financial assets.

Interest Expense

The Group reported higher charges for interest expense resulting from increase long-term loan to fund its investment. The loan was availed by the Parent Company during the 2nd quarter of 2013.

Provision for Income Tax - net

The provision for income tax decreased mainly due to lower income of the resort group.

Noncontrolling Interests (statements of income)

Decrease in minority interest was mainly due to share of minority shareholders on lower income of the resort subsidiary and share in loss of minority shareholder of Cirrus Global, Inc. for the period ended March 31, 2014.

9. Cash Flows

Management has no knowledge of known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.

10. Financial information

- There is neither a change in composition of the registrant, no business combination nor any restructuring.
- There are no seasonality or cyclicality trends in the business that would have material effect on the Company's result of operations and financial condition.
- There are no significant elements of income or loss that did not arise from the issuer's continuing operations.

In the interim period:

- No issuance or repayment of equity securities.
- The parent company has not repurchased its equity securities except for its 100%-owned subsidiary, Anscor Consolidated Corporation (Anscorcon) which todate owns 1,239,937,391 shares of Anscor. During the first three month of 2014, Anscorcon purchased 0.9 million Anscor shares amounting P6.3 million.
- No contingent assets or liabilities since the last annual balance sheet date.
- No material contingencies and any event or transactions that are material to the understanding of the operating results of the current interim period.
- No events that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation.
- No material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities of other persons created during the reporting period.

- There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim.

11. Subsidiaries and Affiliates

Phelps Dodge Philippines (PDP)

The following are the key performance indicators for Phelps Dodge Philippines (In thousand pesos except volume and earnings per share):

	Periods Ended March 31	
	2014	*2013*
Volume sold (MT)		
Domestic	**2,904**	2,662
Export	**227**	149
Total	**3,287**	2,811
Revenue	**1,549,093**	1,360,832
Gross margin	**301,438**	295,421
Net Income	**105,265**	104,611

Volume sold went up by 16.9%, with reduced metal and other production costs, the PDP Energy's gross margin increased to P301.4 million, with 2% improvement from gross margin reported in 2013.

PDP recorded a net income of P105.3 million for three months of 2014 slightly higher than the P104.6 million profit recorded last year.

Seven Seas' Amanpulo Resort ended up with an occupancy rate of 49.2% for three months of 2014, lower than the 2013 average occupancy rate of 54.7%. Average room rate was US$1,246, improved from last year's average room rate of US$1,233. Total hotel revenues amounted to P170.7 million, lower by P7.7 million from last year's revenues of P178.4 million. Gross operating profit (GOP) of P51.7 million decreased versus 2012's GOP by 38.0%.

Seven Seas reported a net income of P15.3 million for three months of 2014.

The Resort embarked on special capital expenditures to improve its existing facilities.

Cirrus Group

Cirrus Medical Staffing, Inc. reported a break even net income in Q1 2014, a $190K improvement over same period last year. The strong Staffing gross margin of 22.8 % coupled by the 13% reduction in SG&A in comparable period helped the company to outperform the Q1 2013 results of operations despite the 8% decline in revenues. The Staffing Division saw an 8% growth in its Travel Nursing segment while the Therapy division continue to show weakness. The Permanent Placement business segment which started last year contributed meaningfully in the quarter with $121K revenues.

Nurse Together LLC, Cirrus' on-line arm, released the new version of its website in Q4 2013 after the completion of the re-development with the second vendor. Further site development has been taken in-house. The delay in website's relaunch continue to impact revenue in Q1 2014. The company currently has 1 sales person marketing the site's services.

The Group continues to focus on controlling expenses and aligning personnel size based on the requirements of the company. SG&A is under budget and 13% lower than Q1 2013.

12. Financial Indicators

Significant financial indicators of the Group are the following:

		03/31/2014	03/31/2013
1.	Book Value Per Share (Note 1)	**11.22**	10.66
2.	Current Ratio (Note 2)	**1.62**	4.07
3.	Interest Rate Coverage Ratio (Note 3)	**73.61**	139.20
4.	Debt to Equity Ratio (Note 4)	**0.24**	0.08
5.	Asset to Equity Ratio (Note 5)	**1.27**	1.10
6.	Profit Ratio (Net Income Attributable to Equity Holdings of the Parent/Total Revenues)	**64.2%**	49.2%
7.	Return on Equity (Net Income/Equity Attributable to Equity Holdings of the Parent)	**7.7%**	4.2%

Note 1 – Equity Attributable to Equity Holdings of the Parent/Outstanding Shares
Note 2 – Current Assets/Current Liabilities
Note 3 – EBIT (earnings before interest and taxes)/ total interest expense
Note 4 – Total Liabilities/Equity Attributable to Equity Holdings of the Parent
Note 5 – Total Assets/Equity Attributable to Equity Holdings of the Parent

The key financial indicators of our major subsidiaries are the following:

Cirrus Group

1. Submission to lock ratio (operating statistic to evaluate recruitment)
2. Nurse/therapist retention ratio (Operating statistic to evaluate retention of nurse and therapist in the pool for staffing business).

In Thousand Pesos

	03/31/2014	03/31/2013
3. Service income	**292,663**	283,352
4. Cost of services rendered	**242,672**	238,530
5. Income before interest, taxes, depreciation and amortization	**1,614**	(7,158)

Seven Seas Group

In Thousand Pesos

	03/31/2014	03/31/2013
1. Occupancy rate	**49.2%**	54.7%
2. Hotel revenue	**170,707**	178,372
3. Gross operating profit (GOP)	**51,723**	83,395
4. GOP ratio	**30.4%**	46.8%
5. Net income after tax	**15,305**	39,022

Occupancy rate is based on actual room nights sold over available room nights on a 3-month period. Hotel revenues include rooms, food and beverage and other ancillary services. GOP is total revenues less direct costs and GOP ratio is GOP over total hotel revenues.