The movement of the equity in (liability to) joint venture of the San Lazaro JV as of December 31, 2013 and 2012 is as follows:

	2013	2012
Balance at beginning of year	**(₱1,657,756)**	(₱3,787,672)
Equity in net earnings for the year	**21,905,981**	17,864,096
Share on dividends declared	**(17,088,300)**	(15,734,180)
Balance at end of year (see Note 18)	**₱3,159,925**	(₱1,657,756)

The summarized financial information of the San Lazaro JV as of and for the years ended December 31, 2013 and 2012 are as follows:

	2013	2012
Current assets	**₱154,617,532**	₱13,455,951
Noncurrent assets	**1,433,440**	93,728,262
Current liabilities	**109,448,602**	14,217,157
Noncurrent liabilities	**29,929,094**	67,108,317
Equity	**16,673,276**	25,858,739
Income	**86,379,273**	79,409,332
Expenses	**54,662,669**	19,862,346
Net income	**31,716,604**	59,546,986

The Parent Company has no share in any contingent liabilities or capital commitments of the JV as of December 31, 2013 and 2012. There are also no accumulated earnings that are restricted as of December 31, 2013 and 2012.

Further, management has determined that it has joint control over San Lazaro JV since the strategic financial and operating decisions of the entity are made jointly by the venturers through its BOD.

Gamespan. On February 17, 2011, the Parent Company and GMA New Media, Inc (GMA-NMI) entered into a Memorandum of Understanding to form a private domestic corporation for the purpose of engaging in the business of providing technological advancement and services to others for sports and recreational gaming. The new company shall own and operate the totalizator and shall be granted the exclusive broadcast rights to all the races and other games operated by the Parent Company. The new company shall likewise be the exclusive technological service provider for future formation of sports and recreational gaming initiatives of both parties.

On March 29, 2012, a Shareholders' Agreement was executed between the Parent Company and GMA-NMI for the establishment of the new company named Gamespan, Inc., a joint venture corporation. It stipulates that the parties agreed to own equal shares of Gamespan and will both be jointly involved in the management and supervision of the administrative and operational concerns of Gamespan as stipulated in the share. It also stipulates that the Parent Company shall have 8.5% share on horse racing bets, as provided by its franchise, generated from the new betting systems such as SMS, internet protocol or Web and other emerging technologies. The Shareholders' Agreement shall continue to take effect until terminated pursuant to the incorporation policy or by mutual agreement of parties.

Gamespan shall operate and manage the totalizator hardware and software owned by the Parent Company, set-up new media infrastructure for offering and taking bets in horse racing and other sports. It shall also have the exclusive broadcast rights to all the races and other games operated by the Parent Company which it may distribute to different broadcasters to maximize viewership and participation.

On June 20, 2012, Gamespan was incorporated and the Parent Company subscribed 250,000 common shares and paid subscription amounting to ₱10.0 million. As of December 31, 2013, Gamespan has not yet started its commercial operations.

The summarized financial information of the Gamespan as of and for the years ended December 31, 2013 and 2012 are as follows:

	2013	2012
Current assets	**₱20,184,979**	₱20,000,000
Noncurrent assets	**29,167**	–
Current liabilities	**629,824**	–
Noncurrent liabilities	**–**	–
Equity	**19,584,322**	20,000,000
Income	**–**	–
Expenses	**415,678**	–
Net loss	**415,678**	–

The movement of the equity in joint venture in Gamespan as of December 31, 2013 and 2012 is as follows:

	2013	2012
Balance at beginning of year	**₱10,000,000**	₱10,000,000
Equity in net earnings for the year	**(207,839)**	–
Balance at end of year (see Note 18)	**₱9,792,161**	₱10,000,000

13. AFS Financial Assets

	2013	2012
Quoted equity securities	**₱9,029,654**	₱18,613,972
Treasury bond	**7,000,000**	7,000,000
Club membership shares:		
Quoted	**4,580,000**	4,690,000
Unquoted	**193,500**	193,500
Preferred shares:		
Quoted	**69,750**	69,750
Unquoted	**370,047**	370,047
	₱21,242,951	₱30,937,269

The reconciliation of the carrying amounts of AFS financial assets is as follows:

	2013	2012
Balance at beginning of year	**₱30,937,269**	₱23,431,259
Mark-to-market gains during the year	**(9,694,318)**	3,324,724
Additions during the year	–	7,000,000
Amounts written off (see Note 26)	–	(2,818,714)
Balance at end of year	**₱21,242,951**	₱30,937,269

The Group's AFS financial assets are carried at fair value with net cumulative gains amounting to ₱9.0 million and ₱18.7 million as of December 31, 2013 and 2012, respectively, reflected in the equity section of the consolidated balance sheets.

The movements in "Net cumulative changes in fair values of AFS financial assets" are as follows:

	2013	2012
Balance at beginning of year	**₱18,707,911**	₱16,783,741
Mark-to-market gains during the year	**(9,694,318)**	3,324,724
Write off (see Note 26)	–	(1,400,554)
Balance at end of year	**₱9,013,593**	₱18,707,911

The fair values of quoted AFS financial assets were determined based on published prices in the active market. AFS financial assets that are unquoted and do not have ready market prices are measured at cost, less allowance for impairment, if any, since their fair value cannot be reliably measured.

Dividend income from these investments amounted to nil in 2013 and 2012 and ₱0.5 million in 2011 (see Note 26). Interest income on treasury bond amounted to ₱0.5 million in 2013 and ₱0.1 million in 2012 (see Note 24).

14. Property and Equipment

	2013				
	January 1	Additions	Disposals	Effect of deconsolidation (see Note 6)	December 31
Cost					
Land (see Note 15)	₱417,209,456	₱–	₱–	(₱112,340,073)	₱304,869,383
Land improvements	337,046,417	446,340	–	–	337,492,757
Building and improvements	650,575,949	2,762,467	–	–	653,338,416
Machinery and equipment	474,192,634	11,878,699	–	–	486,071,333
Transportation equipment	28,014,666	2,575,893	(1,616,071)	–	28,974,488
Furniture and fixtures	20,994,331	844,489	–	–	21,838,820
	1,928,033,453	18,507,888	(1,616,071)	(112,340,073)	1,832,585,197
Accumulated depreciation					
Land improvements	125,991,451	13,310,817	–	–	139,302,268
Building and improvements	228,555,498	27,811,661	–	–	256,367,159
Machinery and equipment	369,982,553	27,772,167	–	–	397,754,720
Transportation equipment	20,388,398	2,577,397	121,205	–	22,844,590
Furniture and fixtures	16,678,171	1,637,160	–	–	18,315,331
	761,596,071	73,109,202	121,205	–	834,584,068
Net book value	1,166,437,382	(54,601,314)	(1,494,866)	(112,340,073)	998,001,129
Construction in progress	23,120,034	4,192,233	–	(9,876,786)	17,435,481
	₱1,189,557,416	(₱50,409,081)	(₱1,494,866)	(₱122,216,859)	₱1,015,436,610

	2012				
	January 1	Additions	Disposals	Reclassifications	December 31
Cost					
Land (see Note 15)	₱304,869,383	₱–	₱–	₱112,340,073	₱417,209,456
Land improvements	337,046,417	–	–	–	337,046,417
Building and improvements	650,806,094	71,438	(301,583)	–	650,575,949
Machinery and equipments	484,951,623	27,646,238	(38,300,895)	(104,332)	474,192,634
Transportation equipments	26,230,673	4,020,538	(2,236,545)	–	28,014,666
Furniture and fixtures	20,765,652	228,679	–	–	20,994,331
	1,824,669,842	31,966,893	(40,839,023)	112,235,741	1,928,033,453
Accumulated depreciation					
Land improvements	112,380,822	13,610,629	–	–	125,991,451
Building and improvements	200,845,603	28,011,478	(301,583)	–	228,555,498
Machinery and equipments	350,573,385	52,718,051	(33,308,883)	–	369,982,553
Transportation equipments	20,003,592	2,621,351	(2,236,545)	–	20,388,398
Furniture and fixtures	14,224,595	2,453,576	–	–	16,678,171
	698,027,997	99,415,085	(35,847,011)	–	761,596,071
Net book value	1,126,641,845	(67,448,192)	(4,992,012)	112,235,741	1,166,437,382
Construction in progress	12,022,332	11,097,702	–	–	23,120,034
	₱1,138,664,177	(₱56,350,490)	(₱4,992,012)	₱112,235,741	₱1,189,557,416

Biohitech recognized a provision for impairment loss on machinery and equipment amounting to ₱9.4 million in 2012. The provision for impairment loss amounting to ₱9.4 million is shown as "Depreciation expense" in the consolidated financial statements (see Note 20).

As of December 31, 2013 and 2012, the carrying value of the idle property and equipment of the Group amounted to ₱43.2 million.

Depreciation Charges

The amount of depreciation is allocated as follows:

	2013	2012	2011
Cost of club races (see Note 19)	**₱39,170,853**	₱49,377,877	₱49,161,591
General and administrative expenses (see Note 20)	**16,804,481**	18,493,484	13,491,318
Cost of rental services (see Note 19)	**16,655,767**	31,543,724	24,679,271
Cost of food and beverages (see Note 19)	**478,101**	–	–
	₱73,109,202	₱99,415,085	₱87,332,180

Construction in Progress

"Construction in progress" pertains to accumulated costs incurred in the development of the Carmona property as part of the Group's expansion program.

Capitalized Borrowing Costs

Land improvements, building and improvements and machinery and equipment include capitalized borrowing costs incurred in connection with the construction and development of the said properties amounting to ₱68.6 million in 2005. No interest on loans was capitalized in 2013 and 2012. Undepreciated capitalized interest relating to property and equipment as of December 31, 2013 and 2012 amounted to ₱43.9 million and ₱46.8 million, respectively.

Carmona Property

In 2001, the Parent Company acquired a parcel of land located in Carmona, Cavite from KPPI Land Corporation (KPPI) valued at ₱523.6 million payable in 12 equal quarterly installments from 2001 to 2004. The remaining installment payments due in 2004 were rescheduled as part of the requirements of the term loan obtained from a local bank. Total payments made by the Parent Company amounted to ₱433.7 million. No payments were made in 2013 and 2012. The outstanding balance of ₱89.9 million as of December 31, 2013 and 2012 is included under "Accounts payable and other liabilities" in the consolidated balance sheets (see Note 18).

In 2002, the Parent Company entered into several contracts with different private entities related to its expansion program in Carmona. Contracts include the construction of the Turf Club, as well as, the construction and development of the racetrack, site grading, and development of access roads, water distribution and fire protection works necessary to bring the site in operation. Under the terms of the contracts, the Parent Company is required to make a 15% deposit and retain an amount equivalent to 10% on each of the progress billings made by the contractors. As of December 31, 2013 and 2012, the unapplied portion of the deposits to contractors shown as part of "Receivables" in the consolidated balance sheets, amounted to ₱1.8 million (see Note 9).

The amount retained by the Parent Company out of the progress billings made by the contractors amounted to ₱10.0 million as of December 31, 2013 and 2012, respectively and its outstanding obligations to the contractors amounted to ₱48.6 million as of December 31, 2013 and 2012. The amounts are presented under "Accounts payable and other liabilities" in the consolidated balance sheets (see Note 18).

Assets Under Operating Lease

- The Parent Company has various operating lease agreements for its cluster stables with horse owners. The lease agreements provide for fixed monthly payments which are subject to rental escalations and renewal options. The carrying value of the cluster stables, included under "Building and improvements" account, that are leased out on these operating leases amounted to ₱6.0 million and ₱11.4 million as of December 31, 2013 and 2012, respectively. Rent income from stable rentals in 2013, 2012 and 2011 amounted to ₱46.9 million, ₱55.7 million and ₱55.3 million, respectively.

- The Parent Company has various operating lease agreements with concessionaires to lease certain areas within the Turf Club. The lease shall be for a period of two to five years. Rent income from concessionaires amounted to ₱1.6 million, ₱4.0 million and ₱9.8 million in 2013, 2012 and 2011, respectively.

- The Parent Company has also executed a MOA with PAGCOR whereby the latter agrees to lease a certain area within the Turf Club at Carmona for its casino operations and related activities. The lease shall be for a period of five years beginning from the date when PAGCOR commences its casino operations. Rent income from PAGCOR amounted to ₱1.2 million in 2013 and 2012.

- On June 21, 2005, NVTL, through the Parent Company, entered into a lease agreement with PAGCOR for the lease of 200 slot machines and the network system linking these machines, which are included under "Machine and equipment" account. In 2006, NVTL purchased the slot machines for lease to PAGCOR amounting to ₱120.9 million. Monthly rental rate to PAGCOR is equivalent to 35% of the slot machines' gross revenue after players' winnings and all applicable taxes. The start of the lease coincides with the opening of the Turf Club on December 8, 2006. In 2013 and 2012, NVTL acquired new slot machines amounting to nil and ₱23.0 million, respectively. The carrying value of these slot machines under operating lease as of December 31, 2013 and 2012 amounted to nil and ₱36.3 million, respectively. Rent income from PAGCOR amounted to ₱27.9 million, ₱37.7 million and ₱63.8 million in 2013, 2012 and 2011, respectively.

In 2009, NVTL's acquisition of machinery and equipment amounting to ₱8.2 million was unpaid and is presented under "Accounts payable and other liabilities" in the consolidated balance sheet as of December 31, 2011 (see Note 18). The outstanding balance of the acquisition amounted to ₱0.3 million as of December 31, 2013.

15. Investment Properties

	2013	2012
Land:		
Sta. Cruz property - unused portion (see Note 17)	**₱359,631,580**	₱359,631,580
Sta. Cruz property - held for lease	**238,168,692**	238,168,692
Carmona property	**109,750,785**	109,750,785
Undivided interest in a parcel of land	**56,723,976**	56,723,976
Rizal property	**–**	13,434,651
	764,275,033	777,709,684
Building:		
Developed office units (see Note 12)	**218,926,759**	229,351,843
Retail development area	**40,007,473**	42,009,014
	258,934,232	271,360,857
	₱1,023,209,265	₱1,049,070,541

The movements in the carrying amount of investment properties in 2013 and 2012 are shown below:

	2013		
	Land	**Building**	**Total**
Cost			
Balance at beginning of year	**₱777,709,684**	**₱310,665,629**	**₱1,088,375,313**
Disposals (see Note 10)	**(13,434,651)**	**–**	**(13,434,651)**
Balance at the end of year	**764,275,033**	**310,665,629**	**1,074,940,662**
Accumulated Depreciation			
Balance at beginning of year	**–**	**(39,304,772)**	**(39,304,772)**
Depreciation (see Note 17)	**–**	**(12,426,625)**	**(12,426,625)**
Balance at end of year	**–**	**(51,731,397)**	**(51,731,397)**
Net Book Value	**₱764,275,033**	**₱258,934,232**	**₱1,023,209,265**

	2012		
	Land	Building	Total
Cost			
Balance at beginning of year	₱950,999,177	₱310,665,629	₱1,261,664,806
Disposals and reclassification during the year (see Note 14)	(173,289,493)	–	(173,289,493)
Balance at end of the year	777,709,684	310,665,629	1,088,375,313
Accumulated Depreciation and Impairment Loss			
Balance at beginning of year	(₱23,270,280)	(₱26,878,147)	(₱50,148,427)
Depreciation for the year (see Note 21)	–	(12,426,625)	(12,426,625)
Disposals during the year	23,270,280	–	23,270,280
Balance at end of year	–	(39,304,772)	(39,304,772)
Net book value	₱777,709,684	₱271,360,857	₱1,049,070,541

The Carmona property with carrying value of ₱109.8 million and the 5.1 hectare property in Sta. Cruz with carrying value of ₱359.6 million as of December 31, 2012 are used by the Parent Company as collateral for its long-term loans obtained from a local bank (see Note 17). In 2012, restriction on the Sta. Cruz property was released by the bank.

Philippine Economic Zone Authority (PEZA) zones

Carmona Property. Presidential Proclamation No. 1517, signed on May 26, 2008, created and designated several parcels of land of the private domain situated at Barangay Lantic, Municipality of Carmona, Province of Cavite as Tourism Economic Zone pursuant to R.A. No. 7916 as amended by R.A. No. 8748.

The registration as an Econozone Developer/Operator shall entitle the Parent Company to establish, develop, construct, administer, manage and operate a Special Economic Zone to be known as San Lazaro Leisure and Business Park (SLLBP) with an area of 542,294 square meters.

Sta. Cruz Property. Presidential Proclamation No. 1727, dated February 13, 2009, created and designated several parcels of land owned by the Parent Company at the site of the former San Lazaro race track in Sta. Cruz, Manila consisting of 74,244 square meters, as a tourism economic zone with information technology component and to be known as the San Lazaro Tourism and Business Park.

Pursuant to the proclamation, the Parent Company and the PEZA signed the Registration Agreement to entitle the Parent Company to develop and operate the aforementioned special economic zone on February 29, 2009. A certificate of registration was thereafter issued.

Sta. Cruz Property - Held for Lease
On March 26, 2007, the Parent Company entered into a JDA with ALI (amended and supplemented on July 18, 2007) for the construction, financing, development and operation of a building complex on the parcel of land located at Sta. Cruz, Manila. The Building Complex shall consist of two office buildings with a retail development area to primarily cater to business process outsourcing companies.

Under the JDA, the Parent Company agreed to contribute the necessary cash to fully finance the construction and development of the retail development area and its corresponding share (30%) of the development of the office units. In return for their respective contributions, the parties will distribute and allocate the developed units among themselves (see Note 12). As of December 31, 2013 and 2012, the Parent Company's contribution to the JDA amounting to ₱310.7 million is presented as the cost of "Building" under "Investment properties" in the consolidated balance sheets.

On December 12, 2008, the Parent Company and ALI executed a Deed of Partition for the distribution and allocation of the developed units. The entire retail development area and the appurtenant parking lots were allocated to the Parent Company in return for its contribution for the construction and development of the said area. For the Parent Company's contribution in the construction and development of the office building, the Parent Company was allocated with developed office building with gross leasable area of 5,793 square meters located at various floors and the appurtenant parking lots. In 2013, 2012 and 2011, rental income amounted to ₱10.7 million, ₱9.4 million and ₱10.7 million, respectively.

Capitalized borrowing costs incurred in connection with the construction and development of the Building Complex amounted to ₱8.0 million in 2008. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization was 7.37% in 2008. No interest on loans was capitalized in 2012, 2011 and 2010. Undepreciated capitalized interest relating to the Building Complex as of December 31, 2013 and 2012 amounted to ₱6.7 million and ₱7.8 million, respectively.

Rizal Property

In 2013, the Parent Company sold the property for ₱26.8 million, net of VAT, resulting to a gain on sale of property amounting to ₱13.4 million (see Notes 9 and 26).

Assets Under Operating Lease

In 2009, the Parent Company entered into lease agreements with various tenants for the retail development area of the aforementioned Building Complex. Portions of the area are rented out at different rates per square meter with lease terms ranging from three to five years. Rent income from the retail development area amounted to ₱10.7 million, ₱9.4 million and ₱10.7 million in 2013, 2012 and 2011, respectively.

In 2010, the Parent Company and ALI, through the San Lazaro JV, entered into lease agreements with various tenants for the developed office units in the Building Complex. Equity in the net earnings of the JV amounted to ₱4.7 million, ₱17.9 million and ₱14.8 million in 2013, 2012 and 2011, respectively (see Note 12).

Fair Market Values

As of December 31, 2013, the aggregate fair value of the Group's investment properties amounted to ₱3.3 billion. Fair values of the Carmona property and Sta. Cruz property have been determined based on valuation performed by independent professional appraisers using the sales comparison approach and income approach by land residual technique with reports dated January 18, 2012 and May 5, 2010, respectively. Management believes that there are no material changes in fair value on these investment properties as of December 31, 2013 from the most recent revaluations performed by independent appraisers.

16. Other Noncurrent Assets

	2013	2012
Franchise fee (see Note 1)	**₱16,178,839**	₱17,972,839
Deferred input VAT (see Note 6)	**9,267,193**	78,142,998
Deposits	**5,351,653**	5,114,127
Meralco cash bond deposits	**3,299,680**	3,299,680
Philippine Long Distance Telephone Company deposits	**75,900**	75,900
Others	**230,290**	230,290
	₱34,403,555	₱104,835,834

Deferred input VAT amounting to ₱72.1 million was recognized by MIC in 2012 arising from the property for share exchange transaction between MIC and the Parent Company (see Note 6).

In 2013, the Parent Company loses control over MIC resulting to deconsolidation of input VAT amounting to ₱72.1 million (see Note 6).

Franchise Fee

Movements in the carrying amounts of franchise fees in 2013 and 2012 are shown below:

	2013	2012
Acquisition cost	**₱44,850,000**	₱44,850,000
Accumulated amortization:		
Balance at beginning of year	**26,877,161**	25,083,161
Amortization for the year (see Note 19)	**1,794,000**	1,794,000
Balance at end of year	**28,671,161**	26,877,161
	₱16,178,839	₱17,972,839

17. **Short-term and Long-term Loans and Borrowings**

Short-term Loans

As of December 31, 2013 and 2012, outstanding balance of short-term loans and borrowings amounted to ₱86.4 million and ₱70.4 million, respectively. These loans were obtained for working capital requirements and bear average interest of 4.65% and 4.25% in 2013 and 2012, respectively. The promissory notes covering these loans have terms of one year or less and are renewed upon maturity.

Interest expense on short-term loans amounted to ₱2.9 million, ₱3.7 million and ₱11.9 million in 2013, 2012 and 2011, respectively (see Note 25).

Long-term Loans

	2013	2012
Bank loans	**₱28,571,429**	₱42,857,143
Less current portion	**14,285,714**	14,285,714
Noncurrent portion	**₱14,285,715**	₱28,571,429

The Parent Company obtained loans from a local bank amounting to ₱45.0 million in 2006, ₱71.0 million in 2007 and ₱100.0 million in 2008 for working capital requirements. These loans bear interest of 7.10% to 10.75% per annum with maturity date of November 2011 and 2015. These loans are payable in equal quarterly installments and interest rates are subject to quarterly repricing. Loans amounting to ₱14.3 million were paid in 2013 and 2012. The loans are secured by real estate mortgages on Carmona property and Sta. Cruz property with carrying values of ₱109.8 million as of December 31, 2013 and 2012 and ₱359.6 million as of December 31, 2013 and 2012, respectively.

Interest expense on bank loans amounted to ₱1.6 million, ₱2.3 million and ₱4.0 million in 2013, 2012 and 2011, respectively (see Note 25). Interest expense recognized on obligations under finance lease amounted to nil in 2013 and 2012 and ₱0.4 million in 2011 (see Note 25).

18. Accounts Payable and Other Liabilities

	2013	2012
Due to KPPI (see Note 14)	**₱89,900,000**	₱89,900,000
Due to contractors (see Note 14)	**48,563,671**	48,563,671
Accounts payable (see Note 14)	**43,359,168**	58,042,039
Cash bond on OTB operators	**32,547,769**	32,435,183
Documentary stamps payable	**30,297,828**	33,828,590
Accrued expenses	**14,348,677**	21,095,487
Probable losses (see Note 32)	**8,343,827**	–
Taxes on winnings	**7,387,574**	6,015,638
Due to concessionaires	**6,707,770**	6,519,788
Trade payable and buyers' deposits	**6,203,814**	6,351,082
Due to horse owners	**4,886,178**	7,175,874
Dividends payable	**2,878,325**	6,654,211
VAT payable	**3,678,580**	2,012,513
Due to OTB operators	**2,968,499**	2,921,180
Retention payable (see Note 14)	**1,824,907**	10,015,559
Due to Philracom	**1,219,969**	4,658,922
Liability to joint venture (see Note 12)	**–**	1,657,756
Others	**10,311,008**	8,930,301
	₱315,427,564	₱346,777,794

Trade payable and buyers' deposits represent cash received by the Parent Company from real estate sales where the criterion of full accrual method on revenue recognition is not satisfied.

Others include amounts due to the Philippine Racing Commission, due to horse owners and horse prizes payable.

Deposit for future stock subscription in MIC

In 2012, the Group received ₱75.1 million as deposit for future stock subscription of MIC from a group of investors.

19. Cost of Sales and Services

Cost of club races consists of:

	2013	2012	2011
Personnel costs (see Note 22)	**₱52,238,163**	₱60,781,921	₱63,474,777
Depreciation (see Notes 14 and 21)	**39,170,853**	49,377,877	49,161,591
Commission	**23,349,788**	31,324,062	33,286,683
Utilities	**16,532,357**	18,822,803	15,738,217
Transportation and travel	**7,125,528**	8,461,482	6,514,713
Contracted services	**6,424,604**	7,032,126	5,078,573
Supplies	**3,921,892**	4,913,278	5,001,805
Rent (see Note 32)	**3,259,102**	3,235,454	2,494,110

(Forward)

	2013	2012	2011
Repairs and maintenance	**₱2,941,770**	₱3,234,987	₱3,116,641
Meetings and conferences	**2,434,029**	3,636,191	3,732,432
Security services	**1,871,265**	2,210,486	1,648,063
Amortization of franchise fee (see Note 16)	**1,794,000**	1,794,000	1,794,000
Taxes and licenses	**1,658,288**	501,035	719,673
Gas, fuel and oil	**1,527,660**	1,536,807	1,831,640
Software license	**–**	3,892,467	–
Others	**5,965,228**	3,148,898	4,198,060
	₱170,214,527	₱203,903,874	₱197,790,978

Cost of real estate sales consists of properties sold amounting to ₱46.5 million, ₱95.1 million and ₱92.4 million for the years 2013, 2012 and 2011.

Cost of rental services consists of:

	2013	2012	2011
Depreciation (see Notes 14, 15 and 21)	**₱29,082,392**	₱43,970,349	₱37,105,896
Utilities	**6,976,219**	11,163,685	3,273,044
Contracted services	**2,925,905**	2,924,824	2,180,904
Personnel costs (see Note 22)	**2,612,785**	3,127,001	3,226,698
Meetings and conferences	**1,421,717**	9,531,924	10,570,296
Repairs and maintenance	**1,174,902**	2,312,343	2,727,875
Others	**2,065,714**	2,662,505	4,459,091
	₱46,259,634	₱75,692,631	₱63,543,804

Cost of food and beverage in 2013 consists of:

Food and beverages	₱4,026,786
Contracted services	3,058,534
Utilities	2,658,367
Meetings and conferences	1,888,425
Personnel cost (see Note 22)	1,533,536
Depreciation (see Note 14 and 21)	478,101
Security	135,941
Repairs	96,026
Rent (see Note 32)	52,429
Supplies	41,963
Gas, fuel and oil	37,610
Transportation and travel	8,314
Others	500,954
	₱14,516,986

20. **General and Administrative Expenses**

	2013	2012 (As restated – Note 3)	2011 (As restated – Note 3)
Personnel costs (see Note 22)	**₱72,114,110**	₱69,185,883	₱65,245,544
Utilities	**17,768,339**	19,276,861	23,737,759
Contracted services	**17,748,111**	16,308,855	15,676,867
Depreciation (see Note 14 and 21)	**16,836,972**	18,493,484	13,491,318
Meals and refreshments	**9,064,306**	16,050,775	9,677,436
Professional fees	**8,396,583**	21,412,481	15,289,853
Gas, fuel and oil	**8,290,788**	9,209,880	8,532,407
Provision for doubtful accounts (Note 9)	**7,410,934**	–	2,500,000
Taxes and licenses	**6,528,313**	18,050,074	13,783,455
Repairs and maintenance	**6,071,616**	6,611,247	8,737,089
Rent (see Note 32)	**5,999,014**	7,979,545	4,649,963
Security services	**5,382,463**	5,855,951	6,724,205
Transportation and travel	**3,743,090**	9,791,988	5,726,455
Insurance	**1,190,813**	478,962	774,552
Commission	**980,864**	5,805,451	1,131,107
Supplies	**965,332**	1,199,067	10,126,512
Advertising	**952,334**	703,232	510,260
Membership dues	**883,809**	1,076,028	1,040,341
Seminars and trainings	**349,742**	1,363,298	1,389,123
Filing and listing fee	–	2,536,650	–
Directors fee	–	2,285,000	–
Impairment loss on inventory	–	–	7,082,084
Others	**4,798,443**	8,418,504	6,275,367
	₱195,475,976	₱242,093,216	₱222,101,697

21. **Depreciation**

	2013	2012	2011
Cost of club races (see Note 19)	**₱39,170,853**	₱49,377,877	₱49,161,591
Cost of rental services (see Note 19)	**29,082,392**	43,970,349	37,105,896
General and administrative expense (see Note 20)	16,804,481	18,493,484	13,491,318
Cost of food and beverages (see Note 19)	**478,101**	–	–
	₱85,535,827	₱111,841,710	₱99,758,805

22. Personnel Costs

	2013	2012	2011
Salaries and wages	**₱105,510,049**	₱112,885,175	₱108,914,992
Retirement benefits costs (Note 23)	**12,966,686**	8,834,022	8,373,923
Other employee benefits	**10,021,859**	11,375,608	14,658,104
	₱128,498,594	₱133,094,805	₱131,947,019

23. Retirement Benefits Costs

The Parent Company has two tax-qualified, funded, noncontributory retirement plans covering both regular permanent and race day operation employees. The retirement plans provide for benefits on retirement, death and disability equivalent to a certain percentage of salary for every year of service based on the final monthly salary of the employee at the time of retirement, death or disability. An independent actuary, using the projected unit credit method, conducted the actuarial valuation of the fund. The latest actuarial valuation reports are as of December 31, 2013.

The details of the retirement benefits costs are as follows:

	2013	2012 (As restated - see Note 3)	2011 (As restated - see Note 3)
Current service costs	**₱6,090,929**	₱6,376,034	₱5,683,488
Interest costs	**2,060,608**	2,457,988	2,690,435
Past service costs	**4,815,149**	–	–
	₱12,966,686	₱8,834,022	₱8,373,923

The details of accrued retirement benefits as of December 31 are as follows:

	2013	2012 (As restated – see Note 3)
Defined benefit obligation	**₱65,147,410**	₱70,777,341
Fair value of plan assets	**(30,086,238)**	(45,422,474)
	₱35,061,172	₱25,354,867

Movements in the accrued retirement benefits follow:

	2013	2012 (As restated – see Note 3)
Balance at beginning of year	**₱25,354,867**	₱38,250,656
Net retirement benefits costs for the year	**12,966,686**	8,834,022
Contributions for the year	**(7,275,719)**	(7,700,000)
Defined benefit cost recognized in OCI	**5,554,938**	(13,351,823)
Direct payments from book reserve	**(1,539,600)**	(677,988)
Balance at end of year	**₱35,061,172**	₱25,354,867

Changes in present value of defined benefit obligation are as follows:

	2013	2012 (As restated – see Note 3)
Defined benefit obligation at beginning of year	₱70,777,341	₱78,847,540
Current service costs	6,090,929	6,376,034
Interest costs	4,310,340	5,140,860
Past service cost - plan amendments	4,815,149	–
Actuarial loss/(gain) due to:		
Experience adjustments	5,204,526	(11,515,212)
Change in demographic assumptions	(2,478,848)	(1,741,836)
Change in financial assumptions	2,205,411	945,034
Benefits paid	(24,237,838)	(6,597,091)
Direct payments from book reserve	(1,539,600)	(677,988)
Defined benefit obligation at end of year	₱65,147,410	₱70,777,341

In 2013, the Parent Company recognized a plan amendment which changed the benefits payable under the plan, resulting in recognition of past service cost. There was no plan amendment, curtailment, or settlement recognized in 2012.

Changes in fair value of plan assets are as follows:

	2013	2012 (As restated – see Note 3)
Fair value of plan assts at beginning of year	₱45,422,474	₱40,596,884
Interest income	2,249,732	2,682,872
Contributions	7,275,719	7,700,000
Benefits paid	(24,237,838)	(6,597,091)
Actuarial gain (loss)	(623,849)	1,039,809
Fair value of plan assets at end of year	₱30,086,238	₱45,422,474
Actual return on plan assets	₱1,625,883	₱3,722,681

The plan assets of the Group are being held by its trustee banks. The investing decisions of the plan are made by the authorized officers of the Group. The following table presents the carrying amounts and fair values of the combined assets of the plans less liabilities:

	2013	2012 (As restated – see Note 3)
Cash and cash equivalents	₱2,091,939	₱3,663,154
Investment in unit investment trust fund	12,109,124	16,187,208
Investment in government securities	16,050,647	25,185,065
Others	292,806	470,125
	30,544,516	45,505,552
Liabilities	(458,278)	(83,078)
	₱30,086,238	₱45,422,474

The plan assets' carrying amount approximates its fair value since these are either short-term in nature or marked-to-market.

The plan's assets consist of the following:

- Cash and cash equivalents, which includes regular savings and time deposits;
- Investments in corporate debt instruments, consisting of both short-term and long-term corporate loans, notes and bonds, which bears interest ranging from 3.5% to 8.5% and have maturities from 2013 to 2031; and
- Investments in government securities consist of AFS financial assets.

The carrying amounts of investments in government securities also approximate their fair values since they are marked-to-market.

- Other financial assets held by the plan are primarily accrued interest income on cash deposits and debt securities held by the plan.
- Liabilities of the plan pertain to trust fee payable and retirement benefits payable.

The principal assumptions used in determining retirement benefits costs of the Parent Company as of January 1 are as follows:

	2013	2012	2011
Discount rates	**5.10%**	6.09%	7.70%
Expected rate of salary increase	**4.00%**	4.00%	4.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant. Established on historical data, the behavior in error of the standard deviation is within the range:

	Increase (decrease)	**2013**
Discount rate	+0.5%	**(₱2,226,471)**
	-0.5%	**2,490,675**
Salary increase rate	+0.5%	**2,190,984**
	-0.5%	**(2,006,769)**

The weighted average duration of the defined benefit obligation as of December 31, 2013 is 4.9 years.

Shown below are the expected future benefit payments as at December 31, 2013:

Less than 1 year	₱4,744,479
More than 1 year to 5 years	17,925,416
More than 5 years to 10 years	27,800,765

24. Interest Income

Interest income related to:

	2013	2012	2011
Real estate receivables (see Note 9)	**₱9,687,098**	₱17,522,284	₱16,496,651
Cash and cash equivalents (see Note 7)	**2,725,541**	8,484,533	7,149,051
Advances to related parties (see Note 28)	**139,884**	191,484	25,000
Treasury bond	**454,952**	80,986	–
	₱13,007,475	₱26,279,287	₱23,670,702

25. Finance Costs

Interest expense related to:

	2013	2012	2011
Short-term loans (see Note 17)	**₱2,857,247**	₱3,657,362	₱11,864,629
Long-term loans (see Note 17)	**1,560,671**	2,259,732	4,044,700
Obligations under finance lease (see Notes 17 and 32)	**–**	–	351,002
Bank charges and others	**393,015**	178,572	–
	₱4,810,933	₱6,095,666	₱16,260,331

26. Other Income (Charges)

	2013	2012	2011
Gain on loss of control due to remeasurement of retained interest	**₱4,772,828,756**	₱–	₱–
Impairment of investment in associate (see Notes 6 and 12)	**(2,679,879,083)**	–	–
Dividend income (see Notes 9 and 13)	**–**	–	545,307
Gain on sale of investment property (see Note 15)	**13,351,064**	–	–
Gain on unclaimed dividends (see Note 32)	**–**	22,299,094	–
Foreign exchange loss - net	**(95,690)**	1,308	(18)
Reversal of various liabilities	**–**	11,641,529	2,142,634
Forfeited collections on real estate	**–**	3,778,910	–
Write-off of AFS financial assets and receivables (see Notes 9 and 13)	**–**	(1,418,160)	(62,335,590)
Others - net	**17,304,749**	13,743,259	1,074,156
	₱2,123,509,796	₱50,045,940	(₱58,573,511)

27. Income Taxes

a. The provision for current income tax consists of the following:

	2013	2012	2011
RCIT	**₱11,487,155**	₱17,449,806	₱14,944,464
MCIT	**–**	3,500	43,353
Final tax on interest income	**627,781**	1,697,504	1,420,774
	₱12,114,936	₱19,150,810	₱16,408,591

MIC's current provision for income tax in 2012 and 2011 represents MCIT amounting to ₱3,500 and ₱43,353, respectively (see Note 6).

b. The components of the Group's net deferred tax liabilities as of December 31 are as follows:

	2013	2012 (As restated - Note 3)
Deferred tax assets on (recognized in profit or loss):		
Accrued retirement benefits	**₱10,518,352**	₱7,606,460
Allowance for doubtful accounts	**2,609,033**	1,800,000
Unamortized past service cost	**1,233,799**	1,089,649
Impairment loss on real estate inventory	**–**	755,959
Provision for inventory write-down	**619,218**	–
Allowance for impairment on investment on associate	**300,000**	300,000
Rent receivable	**200,454**	3,639
Unearned income	**171,500**	146,675
	₱15,652,356	₱11,702,382
Deferred tax liabilities on (recognized in profit or loss):		
Unrealized gain from real estate transactions	**(₱70,196,531)**	(₱58,104,348)
Undepreciated capitalized borrowing costs	**(15,184,252)**	(16,135,917)
Rent receivable	**(1,104,677)**	–
Accrued rent expense	**–**	(138,035)
Unrealized foreign exchange gain	**(1,413)**	(427)
Deferred tax liabilities on (recognized directly in other comprehensive income):		
Unrealized deemed cost adjustment on real estate properties (Note 28)*	**(₱193,958,252)**	(₱207,618,342)
	(280,445,125)	(281,997,069)
Net deferred tax liabilities	**(₱264,792,769)**	(₱270,294,687)

** Reversal of deferred tax liabilities is through profit or loss, except for investment properties.*

c. Biohitech and SLLPHI have no provision for income tax in 2013, 2012 and 2011. Biohitech and SLLPHI did not recognize deferred tax asset on NOLCO for 2011 amounting to ₱0.1 million and ₱0.01 million, respectively, since the entities believe that sufficient future taxable income will not be available against which the NOLCO can be applied. Unrecognized NOLCO of Biohitech and SLLPHI as of December 31, 2013 and 2012 amounted to ₱2.8 million for Biohitech and ₱0.02 million for SLLPHI, respectively, will expire in 2015.

d. Deferred tax assets were not recognized by MIC on the carryforward benefits of unused NOLCO and excess MCIT as management believes that MIC may not have sufficient taxable income against which the excess MCIT and unused NOLCO may be applied. The following are the details of the unused NOLCO and excess MCIT as of December 31:

	2013	2012
NOLCO	**₱–**	₱43,776,277
Excess of MCIT over RCIT	**–**	75,893

As of December 31, 2012, the details of NOLCO and excess of MCIT over RCIT of MIC are as follows:

Year Incurred	Year of Expiration	NOLCO	MCIT
2010	2013	₱2,012,493	₱29,040
2011	2014	1,989,528	43,353
2012	2015	39,774,256	3,500
		₱43,776,277	₱75,893

As of December 31, 2013, there were no unrecognized deferred tax assets since the Parent Company lost control over MIC in 2013 (see Note 6).

e. The reconciliation of the Group's provision for income tax at the statutory tax rates to the provision for income tax shown in the consolidated statements of comprehensive income is as follows:

	2013	2012	2011
Income tax at statutory rates	**₱635,239,950**	₱9,146,659	₱3,921,471
Additions to (reductions in) income tax resulting from tax effects of:			
Nondeductible expenses and others	**797,026,409**	4,092,789	3,007,297
Movements in unrecognized deferred income tax assets	**13,208,776**	12,918,960	476,446
Nondeductible interest expense	**272,426**	840,988	693,711
Interest income subjected to final tax	**(189,498)**	(1,704,101)	(2,144,716)
Nontaxable income	**(1,437,278,564)**	(5,359,229)	(7,183,569)
Change in assumption	**–**	–	(9,414,287)
Provision for income tax	**₱8,279,499**	₱19,936,066	(₱10,643,647)

28. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the

Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

			2013		2012			
Entity	Relationship	Nature	**Amount**	**Outstanding Receivable (Payable) Balance**	Amount	Outstanding Receivable (Payable) Balance	Terms	Condition
Biohitech Korea (BHK)[a]	Affiliate	Advances	**₱–**	**(₱38,640,000)**	₱–	₱–	Non-interest bearing	Unsecured, unguaranteed
Acro Management Development Corporation (AMDC)[b]	Affiliate	Lease of office space	**8,111,241**	**(1,431,711)**	7,889,899	–	Non-interest bearing	Unsecured, unguaranteed
Sierra Prime Properties Corporation (SPPC)[c]	Affiliate	Cash advances	–	–	–	5,000,000	Non-interest bearing	Unsecured, unguaranteed
		Sale of assets and liabilities	–	–	108,389,153	108,309,153	Non-interest bearing	Unsecured, unguaranteed
		Interest on cash advances	–	–	175,000	175,000	Non-interest bearing	Unsecured, unguaranteed
		Cash advances	–	–	(17,310)	(17,310)	Non-interest bearing	Unsecured, unguaranteed

a. In 2009, Biohitech obtained advances from its affiliate, BHK, to finance the construction of the building housing the fermentation machine and for the importation of additional machines. The advances are due and demandable and non-interest bearing and remain outstanding as of December 31, 2013. The conversion of these advances into shares of stock of Biohitech is still subject for approval by the BOD and has not been finalized as of December 31, 2012.

b. The Parent Company has a lease agreement with AMDC, an affiliate under common control, in the lease of office space and four parking lots (see Note 32). As of December 31, 2013, the outstanding balance is presented as "Accounts payable and other liabilities" in the consolidated balance sheets.

c. In 2011, MIC extended interest -bearing advances amounting to ₱5.0 million to SPPC for a period of one year with interest rate of 6%. Interest income recognized in 2012 amounted to ₱175,000. Receivable from SPPC amounted to ₱108.3 million which pertains to the transfer of assets and liabilities arising from the execution of the MOA signed on August 6, 2012 (see Note 6).

d. Compensation of key management personnel of the Parent Company amounted to ₱41.1 million, ₱40.9 million and ₱36.1 million in 2013, 2012 and 2011, respectively. The Parent Company has no standard arrangement with regard to the remuneration of its directors. In 2013, 2012 and 2011, the BOD received a total of ₱8.1 million, ₱8.0 million and ₱1.6 million, respectively.

29. Equity

Capital Stock

The details of the Parent Company's capital stock as of December 31 are as follows:

	2013		2012	
	Number of Shares	Amount	Number of Shares	Amount
Common shares - ₱1 par value				
Authorized - 1,000,000,000 shares				
Issued and outstanding (held by 980 and 724 equity holders in 2013 and 2012, respectively)	862,487,439	₱862,487,439	862,487,439	₱862,487,439
Stock dividend issued during the year	86,247,459	86,247,459	–	–
	948,734,898	₱948,734,898	862,487,439	₱862,487,439

Stock Rights Offer

During the annual stockholders' meeting of the Parent Company held last June 18, 2010, the stockholders approved and ratified the stock rights offer as approved by the BOD during its meeting held on October 28, 2009. The stock rights will be offered to existing stockholders at a ratio of one share for every two shares held at par value. The proceeds from the stock rights offer will be used for capital expenditures, retirement of loans and full payment of the subscription payable to MIC.

On April 13, 2011, the PSE approved the Parent Company's application for the additional listing of up to 287,492,659 common shares with par value of ₱1.00 per share to cover the 1:2 stock rights offering. On May 3, 2011, the SEC approved the record date to be May 6, 2011. The shares were subscribed and issued to all stockholders of record as of May 30, 2011 and were listed in the PSE on the same date.

Treasury Shares

On January 13, 2011, the Parent Company purchased the delinquent shares from its 2004 stock rights offering totaling 9,462 shares. The amount paid for the acquisition of the treasury shares amounted to ₱7,096.

Appropriation of Retained Earnings

The Parent Company's appropriated retained earnings for building improvements amounted to ₱17.2 million as of December 31, 2013 and 2012.

Declaration of Dividends

The following are the details of the dividends declared in 2013 and 2012

Type of dividend	Date of Declaration	Date of Record	Date of Payment	Dividends per share
Cash				
	May 30, 2013	June 18, 2013	June 28,2013	₱0.05
	October 24, 2012	November 12, 2012	November 26, 2012	0.08
	March 7, 2012	March 28, 2012	April 18, 2012	0.08
	May 25, 2011	June 15, 2011	June 30, 2011	0.05
Stock				
	May 30, 2013	July 18, 2013	August 13, 2013	10%
	January 14, 2011	January 19, 2011	February 14, 2011	20%

As of December 31, 2013 and 2012, outstanding dividends payable amounted to ₱1.2 million and ₱137.4 million, respectively.

Restriction on Retained Earnings
Retained earnings account is restricted for the payment of dividends to the extent of the cost of shares held in treasury amounting to ₱7,096.

Deemed Cost Adjustment
The unappropriated retained earnings include the remaining balance of the deemed cost adjustment which arose when the Group transitioned to PFRS in 2005.

The components of the deemed cost adjustment as of December 31 are as follows:

	2013	2012
Real estate inventories	**₱80,453,494**	₱125,987,142
Property and equipment	–	112,273,948
Investment properties	**597,459,817**	597,459,829
Revaluation increment	**677,913,311**	835,720,919
Deferred income tax liability (see Note 27)	**(193,958,252)**	(207,618,342)
Deemed cost adjustment	**₱483,955,059**	₱628,102,577

The deemed cost adjustment will be realized through sales for both real estate inventories and land under investment properties. The amount of the deemed cost adjustment and undistributed earnings of the JV included in the balance of the unappropriated retained earnings are restricted and not available for dividend declaration.

Cost of shares held by a subsidiary
In 2012, MIC transferred to SPPC 25,031,656 shares of MJCI pursuant to the provisions of the MOA signed on August 6, 2012 (see Note 6). The transfer resulted in an increase in additional paid in capital amounting to ₱27.6 million.

30. Basic/Diluted Earnings per Share

Basic/diluted earnings per share were computed as follows:

	2013	2012	2011
Net income attributable to equity holders of the Parent Company	**₱2,109,187,001**	₱17,289,659	₱23,705,583
Divided by weighted average number of outstanding common shares	**948,734,898**	862,477,977	766,647,091
Basic/diluted earnings per share	**₱2.223**	₱0.020	₱0.031

The Parent Company does not have potential dilutive common shares as of December 31, 2013, 2012 and 2011. Therefore, the basic and diluted earnings per share are the same as of those dates.

31. Operating Segment Information

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided. The Group's three reportable operating segments are the operation and maintenance of race tracks and holding of horse races, the development and sale of real estate properties and rental of stables, building and other facilities. No operating segments were aggregated to form these reportable operating segments.

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income or loss and is measured consistently with the total comprehensive income in the consolidated financial statements.

As of December 31, 2013, 2012 and 2011, the Group has no transactions between reportable segments. The Group measures the segment net income or loss, segment assets and segment liabilities for each reportable segment in a manner similar to the measurement of the Group's total comprehensive income.

The Group's asset-producing revenues are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

Segment Revenue and Expenses

The segment results for the years ended December 31are as follow:

	2013					
	Club Races	**Real Estate**	**Rent**	**Food and Beverage**	**Unallocated**	**Total**
Segment revenue	**₱216,425,501**	**₱158,220,785**	**₱89,004,920**	₱7,100,295	₱2,171,284,317	**₱2,642,035,818**
Cost and expenses	**(170,214,527)**	**(59,577,315)**	**(46,259,634)**	(14,516,986)	(234,000,856)	**(524,569,318)**
Income (loss) before income tax	**46,210,974**	98,643,470	42,745,286	(7,416,691)	1,937,283,461	2,117,466,500
Provision for income tax	–	–	–	–	8,279,499	8,279,499
Net income (loss)	**₱46,210,974**	**₱98,643,470**	**₱42,745,286**	**(₱7,416,691)**	**₱1,929,003,962**	**₱2,109,187,001**

	2012					
	Club Races	Real Estate	Rent	Food and Beverage	Unallocated	Total
Segment revenue	₱280,868,413	₱211,715,787	₱125,818,791	₱–	₱60,617,511	₱679,020,502
Cost and expenses	(203,903,874)	(118,949,777)	(75,692,631)	–	(249,623,673)	(648,169,955)
Income (loss) before income tax	76,964,539	92,766,010	50,126,160	–	(189,006,162)	30,850,547
Provision for income tax	–	–	–	–	(20,044,571)	(20,044,571)
Net income (loss)	₱76,964,539	₱92,766,010	₱50,126,160	₱–	(₱209,050,733)	₱10,805,976

	2011					
	Club Races	Real Estate	Rent	Food and Beverage	Unallocated	Total
Segment revenue	₱297,871,180	₱224,608,049	₱155,181,732	₱–	₱7,174,051	₱684,835,012
Cost and expenses	(197,790,978)	(113,493,122)	(63,543,804)	–	(296,900,811)	(671,728,715)
Income (loss) before income tax	100,080,202	111,114,927	91,637,928	–	(289,726,760)	13,106,297
Benefit from income tax	–	–	–	–	10,633,229	10,633,229
Net income (loss)	₱100,080,202	₱111,114,927	₱91,637,928	₱–	(₱279,093,531)	₱23,739,526

Finance costs, unrealized gains on fair value changes of held for trading investments, other income (charges) and income taxes are not allocated to individual segments as the underlying instruments are managed on a group basis and are not provided to the chief operating decision maker at the operating segment level in 2013, 2012 and 2011. Equity in net earnings of an interest in a jointly controlled entity amounting to nil and ₱17.9 million in 2013 and 2012, respectively, are included in the segment revenue of operating segment "Rent".

Segment Assets and Liabilities and Other Information

	2013					
	Club Races	**Real Estate**	**Rent**	**Food and Beverage**	**Unallocated**	**Total**
Assets	**₱1,006,676,455**	**₱1,066,683,038**	**₱467,916,817**	**₱559,340**	**₱2,619,451,705**	**₱5,161,287,355**
Liabilities	**84,264,042**	**316,991,239**	**65,544,574**	–	**347,761,152**	**814,561,007**
Capital expenditures	**12,574,273**	–	–	**1,294,895**	**8,856,240**	**22,725,408**
Interest income	–	**9,687,098**	–	–	**3,320,377**	**13,007,475**
Finance cost	–	–	–	–	**4,810,933**	**4,810,933**
Depreciation	**39,170,853**	–	**29,082,392**	**478,101**	**16,804,481**	**85,535,827**

	2012					
	Club Races	Real Estate	Rent	Food and Beverage	Unallocated	Total
Assets	₱1,115,985,067	₱1,093,555,345	₱571,644,928	₱–	₱528,838,481	₱3,310,023,821
Liabilities	86,310,284	317,138,508	65,356,592	–	434,030,955	902,836,339
Capital expenditures	27,717,675	–	–	–	4,249,218	31,966,893
Interest income	–	17,522,284	–	–	8,757,003	26,279,287
Finance cost	–	–	–	–	6,095,666	6,095,666
Depreciation	49,377,877	–	43,970,349	–	18,493,484	111,841,710

32. Commitments and Contingencies

The following are the significant commitments and contingencies involving the Group:

a. Operating Lease Commitment - the Parent Company as Lessee

On January 1, 2008, the Parent Company renewed its lease agreement with AMDC, an affiliate, for the lease of office space and four parking lots. The lease is for a period of five years starting 2008 and includes an annual escalation rate of 5%. The monthly rate of the lease for the year 2012 amounted to ₱385,923. The lease contract expired in December 2012 and the Parent Company renewed its lease agreement with AMDC on February 5, 2013 with a monthly rate of ₱427,550 for the year 2013.

The future minimum lease payments (MLP) under this operating lease as of December 31 are as follows:

	2013	2012
Within one year	**₱5,387,127**	₱5,130,598
After one year but not more than five years	**24,380,152**	23,219,193
	₱29,767,279	₱28,349,791

On January 1, 2011, the Parent Company entered into a new lease agreement with AMDC for the lease of office space at 12th floor of Strata 100 Building. The lease is for a period of five years starting 2011 with a yearly escalation of 5%.

Total rent expense from this operating lease amounted to ₱6.0 million, ₱8.0 million and ₱4.6 million in 2013, 2012 and 2011, respectively (see Note 20).

b. Operating Lease Commitment - the Parent Company as Lessor

On July 12, 2008, the Parent Company renewed its contract of lease with PAGCOR for the lease of an area of 929.5 square meters within the Turf Club at Carmona for its casino operations and related activities (see Note 14). The lease is for a period of five years beginning from the date when PAGCOR commences its casino operations. The monthly rental shall be ₱400 per square meter subject to a five percent (5%) escalation rate computed on an annual basis.

The future minimum lease receivables under this lease agreement are as follows:

	2013	2012
Within one year	**₱1,159,252**	₱676,230
After one year but not more than five years	–	–
	₱1,159,252	₱676,230

Rent income from PAGCOR amounted to ₱1.2 million in 2013 and 2012, respectively.

c. Claims and Legal Actions

As of December 31, 2013 and 2012, there are pending claims and legal actions against or in favor of the Parent Company arising from the normal course of business, in addition to the matters already mentioned elsewhere in these financial statements. In the opinion of the Parent Company's management and its legal counsel, liabilities arising from these claims, if any, would not have any material effect on the Parent Company and any liability or loss arising there from would be taken up when the final resolution of the claims and actions are determined.

d. Unclaimed Dividends on Winnings

Under PR58D of the *Rules and Regulations on Horse Racing* promulgated by the Philippine Racing Commission (PHILRACOM), the latter claims control over the disposition of unclaimed dividends.

The Parent Company disputed the legality of PR58D in its letters to PHILRACOM dated June 14, 2012 and July 13, 2012. The Parent Company maintained that there is no law authorizing PHILRACOM to determine the proper use or disposition of the unclaimed dividends and PHILRACOM exceed its rule-making authority in issuing PR58D. The Parent Company likewise contended that unclaimed dividends are private funds as these funds are not included in the amounts that are supposed to be remitted to or held by the Parent Company for the government under its charter.

Furthermore, a *Notice* appears in the dorsal portion of the Parent Company's betting tickets which state that winning tickets must be claimed within thirty days from date of purchase, otherwise, the prize shall be forfeited in favor of the Parent Company. This provision is a valid agreement between the Parent Company and the bettor under the principle of autonomy of contracts.

As part of its audit of the PHILRACOM, the Commission on Audit (COA) issued an *Independent Auditor's Report* dated March 27, 2013 wherein COA opined that unclaimed dividends of winning bettors should be forfeited in favor of the government and should form part of the National Treasury. However, in the same report, COA acknowledged the absence of any legislative mandate as regards the disposition of unclaimed dividends. Thus, COA required the PHILRACOM to request for a Declaratory Relief from the Department of Justice to resolve the issue on the nature of unclaimed dividends.

To resolve the foregoing issue, the Parent Company filed a *Petition for Declaratory Relief* on November 6, 2013, which is pending before the Regional Trial Court of Bacoor, Cavite 19.

The Parent Company recognized a provision for probable losses amounting to ₱8.3 million (see Note 18).

33. Financial Assets and Financial Liabilities

Fair Value Hierarchy

The Group measures the fair value of financial instruments carried at fair value using the following hierarchy:

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; and

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following tables present the fair value of the Company's AFS, investment properties and loans and borrowings as of December 31:

	2013			
	Amounts	**Level 1**	**Level 2**	**Level 3**
AFS financial assets	**₱21,242,951**	**₱21,242,951**	**₱–**	**₱–**
Investment properties	**3,254,880,768**	–	–	**3,254,880,768**
Loans and borrowing	**115,122,769**	–	–	**115,122,769**

	2012			
	Amounts	Level 1	Level 2	Level 3
AFS financial assets	₱30,937,269	₱30,937,269	₱–	₱–
Investment properties	3,254,880,768	–	–	3,254,880,768
Loans and borrowing	111,691,892	–	–	111,691,892

As of December 31, 2013 and 2012, the Group's quoted held for trading investments and AFS financial assets measured at fair value under the Level 1 hierarchy totaled ₱21.2 million and ₱30.4 million, respectively. There were no financial instruments measured at fair value under the Level 2 and Level 3 hierarchies. The fair value of investment properties amounting to ₱3.3 billion were determined using Level 3 inputs. There were no transfers between the hierarchy in 2013 and 2012.

In 2013 and 2012, the carrying value of cash and cash equivalents, receivables, deposits and accounts payable and other liabilities and due to related parties approximates its fair value due to the short-term nature of the transaction.

34. Financial Risk Management Objectives and Policies

The Group's financial instruments comprise cash and cash equivalents, held for trading investments, receivables, AFS financial assets, deposits, accounts payable and other liabilities, interest-bearing loans and borrowings and due to related parties. The main purpose of these financial instruments is to finance the Group's operations.

The main risks arising from the use of these financial instruments include cash flow interest rate risk, equity price risk, foreign currency risk, credit risk and liquidity risk. The Group's BOD reviews and approves the policies for managing these risks and these are summarized below.

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. The Group's exposure to the risk of changes in market interest rate relates primarily to the Group's interest-bearing loans and borrowings which carry floating interest rates (see Note 17).

The Group's interest rate risk management policy focuses on reducing the overall interest expense and exposure to changes in interest rates. Risk of changes in market interest rates is related primarily to the Group's interest on financial instruments classified as floating rate as it can cause a change in the amount of interest payments. Interest on financial instruments classified as floating rate is repriced at intervals of less than a year. The financial instruments of the Group that bear fixed interest rates or are noninterest-bearing are not included in the succeeding analyses. The Group invests excess funds in short-term investments in order to mitigate any increase in interest rate on borrowings.

The following table demonstrates the sensitivity of the Group's income before income tax to a reasonably possible change in interest rates, with all other variables held constant, for the years ended December 31, 2013 and 2012. There is no impact on the Group's equity other than those affecting profit or loss.

	Increase (decrease) in basis points	Effect on income before income tax
2013	**+1%**	**(₱992,946)**
	-1%	**992,946**
2012	+1%	(1,132,946)
	-1%	1,132,946

Equity price risk
Equity price risk is the risk that the fair values of quoted equity securities will fluctuate because of changes in the level of indices and the value of individual stocks. The Group is exposed to equity price risk because of quoted equity investments held by the Group, which are classified in the consolidated balance sheets as held for trading investments and AFS financial assets.

The following table demonstrates the sensitivity of the Group's equity to a reasonably possible change in the PSE index (PSEi), with all other variables held constant, for the years ended December 31, 2013 and 2012.

	Increase (decrease) in PSEi	Effect on equity
2013	**+14%**	**₱1,831,117**
	-14%	**(1,831,117)**
2012	+14%	3,018,337
	-14%	(3,018,337)

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows from the Group's foreign-currency denominated assets or liabilities may fluctuate due to changes in foreign exchange rates.

The Group's foreign currency risk relates to its foreign currency-denominated cash in banks. To manage this risk, management closely monitors the movements in exchange rates and regularly assesses future foreign exchange rate movements.

The Group's outstanding foreign currency-denominated financial asset pertaining to cash in banks as of December 31 and its Peso equivalent are as follows:

	United States (US) Dollar	Philippine Peso
2013	**US$93,731**	**₱4,161,188**
2012	12,629	518,420

As of December 31, 2013, the applicable closing exchange rate was ₱44.4 to US$1 and ₱41.1 to US$1, respectively.

The sensitivity of the Group's income before income tax to a reasonably possible change in the US Dollar exchange rate against the Peso, with all other variables held constant, has no significant effect in the financial statements for the years ended December 31, 2013 and 2012.

Credit risk
Credit risk arises because the counterparty may fail to discharge its contractual obligations. The Group transacts only with related parties and recognized and creditworthy third parties. Receivable balances are monitored on an ongoing basis. Further, management intensifies its collection efforts to collect from defaulting third parties.

The Group's policy is to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. There is no significant concentration of credit risk in the Group.

The table below shows the maximum gross exposure to credit risk of the Group as of December 31, 2013 and 2012.

	2013	2012
Loans and receivables:		
Cash and cash equivalents		
Cash in banks	₱151,188,886	₱137,875,667
Cash equivalents	101,184,014	127,513,423
	252,372,900	265,389,090
Receivables:		
Real estate receivables	288,434,328	261,932,698
Rent receivables	26,628,846	20,808,568
Receivable from sale of investment property	20,000,000	–
Dividends receivable	17,088,300	4,810,221
Receivables from OTB operators	1,193,961	964,937
Due from related parties	–	113,484,393
Others	39,967,743	27,394,746
	393,313,178	429,395,563
Deposits*	3,375,580	3,375,580
	₱649,061,658	₱698,160,233

** Included in "Other noncurrent assets" account in the consolidated balance sheets*

Where financial instruments are recorded at fair value, the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future.

The credit quality of financial assets is managed by the Group using internal credit ratings. The tables below show the credit quality of financial assets based on the Group's credit rating system as of December 31.

	2013			
	Standard Grade	Past Due but not Individually Impaired	Individually Impaired	Total
Loans and receivables:				
Cash and cash equivalents				
Cash in banks	₱151,188,886	₱–	₱–	₱151,188,886
Cash equivalents	101,184,014	–	–	101,184,014
Receivables				
Real estate receivable	288,434,328	–	–	288,434,328
Receivables from OTB operators	1,193,961	–	–	1,193,961
Rent receivables	25,120,475	–	1,508,371	26,628,846
Dividends receivable	17,088,300	–	–	17,088,300
Receivable from sale of investment property	20,000,000	–	–	20,000,000
Others	32,779,338	–	7,188,405	39,967,743
Deposits*	3,375,580	–	–	3,375,580
	₱640,364,882	₱–	₱8,696,776	₱649,061,658

** Included in "Other noncurrent assets" account in the consolidated balance sheets.*

	2012			
	Standard Grade	Past Due but not Individually Impaired	Individually Impaired	Total
Loans and receivables:				
Cash and cash equivalents				
Cash in banks	₱137,875,667	₱–	₱–	₱137,875,667
Cash equivalents	127,513,423	–	–	127,513,423
Receivables				
Real estate receivable	261,932,698	–	–	261,932,698
Receivables from OTB operators	964,937	–	–	964,937
Rent receivables	14,808,568	–	6,000,000	20,808,568
Due from related parties	113,484,393	–	–	113,484,393
Dividends receivable	4,810,221	–	–	4,810,221
Others	27,394,746	–	–	27,394,746
Deposits*	3,375,580	–	–	3,375,580
	₱692,160,233	₱–	₱6,000,000	₱698,160,233

** Included in "Other noncurrent assets" account in the consolidated balance sheets.*

The credit quality of the financial assets was determined as follows:

Cash in banks and deposits
These are considered standard grade based on the nature of the counterparty and the Group's internal rating system. Cash and deposits are limited to highly reputable banks and counterparties duly authorized by the BOD.

Receivables
Standard grade pertains to receivables from existing and active buyers, OTB operators, lessees, related parties and other counterparties. These receivables have no history of significant default or delinquency in collections but have a reasonable probability of uncollectibility.

Past due but not impaired loans and receivables amounting to nil as of December 31, 2013 and 2012, respectively, are aged more than one year but less than three years.

Liquidity risk
Liquidity risk is defined as the risk that the Group would not be able to settle or meet its obligations on time or at a reasonable price. The Group's objective is to maintain a balance between continuity of funding and flexibility by regularly evaluating its projected and actual cash flows and through the use of bank loans and extension of suppliers' credit terms. The Group maximizes the net cash inflows from operations to finance its working capital requirements.

The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2013 and 2012 based on contractual undiscounted payments (principal and interest) and the profile of the financial assets used to manage the Group's liquidity risk.

December 31, 2013

	Within 1 year	>1 year to <3 years	3 years to <5 years	5 years and more	Total
Loans and borrowings:					
Bank loans*	₱73,786,094	₱14,950,000	₱–	₱–	₱88,736,094
Accounts payable and other liabilities**	229,851,478	–	–	–	229,851,478
Due to related parties	38,640,000	–	–	–	38,640,000
	₱342,277,572	₱14,950,000	₱–	₱–	₱357,227,572

** Amounts are inclusive of interest amounting to ₱4.8 million.*
*** Amounts are exclusive of nonfinancial liabilities amounting to ₱85.6 million.*

	Within 1 year	>1 year to <3 years	3 years to <5 years	Total
Cash on hand	**₱11,382,802**	**₱–**	**₱–**	**₱11,382,802**
Loans and receivables:				
Cash in banks	**151,188,886**	**–**	**–**	**151,188,886**
Cash equivalents	**101,184,014**	**–**	**–**	**101,184,014**
Receivables	**384,616,403**	**–**	**–**	**384,592,140**
Deposits*	**–**	**–**	**3,375,580**	**3,375,580**
	636,989,303	**–**	**3,375,580**	**640,340,620**
AFS financial assets	**–**	**–**	**21,242,951**	**21,242,951**
	₱648,372,105	**₱–**	**₱24,618,531**	**₱672,966,373**

** Amounts are exclusive of nonfinancial assets amounting to ₱4.0 million*

December 31, 2012

	Within 1 year	>1 year to <3 years	3 years to <5 years	5 years and more	Total
Loans and borrowings:					
Bank loans*	₱89,045,380	₱31,228,572	₱–	₱–	₱120,273,952
Accounts payable and other liabilities**	240,736,324	–	–	–	240,736,324
Due to related parties	38,657,310	–	–	–	38,657,310
	₱368,439,014	₱31,228,572	₱–	₱–	₱399,667,586

** Amounts are inclusive of interest amounting to ₱5.0 million*
*** Amounts are exclusive of nonfinancial liabilities amounting to ₱106.0 million*

	Within 1 year	>1 year to <3 years	3 years to <5 years	Total
Cash on hand	₱9,214,107	₱–	₱–	₱9,214,107
Loans and receivables:				
Cash in banks	137,875,667	–	–	137,875,667
Cash equivalents	127,513,423	–	–	127,513,423
Receivables	423,395,563	–	–	423,395,563
Deposits*	–	–	3,375,580	3,375,580
	688,784,653	–	3,375,580	692,160,233
AFS financial assets	–	–	30,937,269	30,937,269
	₱697,998,760	₱–	₱34,312,849	₱732,311,609

** Amounts are exclusive of nonfinancial assets amounting to ₱4.0 million.*

35. Capital Management

The Group maintains a capital base to cover risks inherent in the business. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payments to shareholders, return capital to shareholders or issue capital securities.

The following table summarizes the total capital considered by the Group:

	2013	2012
Capital stock	**₱948,734,898**	₱862,487,439
Additional paid in capital	**27,594,539**	27,594,539
Net cumulative changes in fair values of AFS financial assets	**9,013,593**	18,707,911
Remeasurement on retirement benefits	**24,875,348**	28,429,500

(Forward)

35. Capital Management

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	2013	2012
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Additional paid in capital	**27,594,539**	27,594,539
Net cumulative changes in fair values of AFS financial assets	**9,013,593**	18,707,911
Remeasurement on retirement benefits	**24,875,348**	28,429,500
Retained earnings:		
Appropriated	**17,180,917**	17,180,917
Unappropriated	**3,321,616,115**	1,341,799,972
Treasury shares	**(7,096)**	(7,096)
	₱4,349,008,314	₱2,296,193,182

As of December 31, 2010, the Parent Company is no longer required to maintain debt-to-equity ratio. The Group still monitors its use of capital and capital adequacy by using debt-to-equity ratio. The debt-to-equity ratios as of December 31, 2013 and 2012 are as follows:

	2013	2012
Total debt	**₱814,561,007**	₱874,487,964
Total equity	**4,346,726,348**	2,435,535,857
Debt-to-equity ratio	**0.19:1**	0.36:1

No changes were made in the objectives, policies and processes from the previous years.

36. Other Matters

On March 6, 2014, a Memorandum of Agreement (MOA) was executed between Manila Jockey Club, Inc. ("MJC") and Philippine Football Federation, Inc. ("PFF") to jointly develop a football complex on a portion of MJC's San Lazaro Leisure and Business Park ("SLLBP") in Carmona, Cavite. This is in consonance with MJC's over-all plan to develop SLLBP into a leisure, gaming and entertainment hub.

The football complex shall consist of a pitch of FIFA 2 star international standards, a training center and other football support facilities. It is envisioned to be the site of national and international matches and friendlies sanctioned by the Federacion Internationale de Football Association ("FIFA"), ASEAN Football Federation ("AFF") and Asian Football Confederation ("AFC").

PFF is responsible for the governance, development and promotion of football in the Philippines and the sole controlling body of all provincial football associations. It is a regular member of FIFA, AFF, AFC and the Philippine Olympic Committee ("POC").

SGV
Building a better working world

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ey.com/ph

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

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Manila Jockey Club, Inc.
San Lazaro Leisure Park
Brgy. Lantic, Carmona, Cavite

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Manila Jockey Club, Inc. and its subsidiaries as at December 31, 2013 and 2012 and for each of the three years in the period ended December 31, 2013 included in this Form 17-A and have issued our report thereon dated April 8, 2014. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of Manila Jockey Club, Inc. and subsidiaries' management. These schedules are presented for purposes of complying with Securities Regulation Code Rule No.68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I
Date APR 23 2014 SDS
RECEIVED
PRECIOSA C. JAVIER

SYCIP GORRES VELAYO & CO.

Arnel F. De Jesus
Partner
CPA Certificate No. 43285
SEC Accreditation No. 0075-AR-3 (Group A),
February 14, 2013, valid until February 13, 2016
Tax Identification No. 152-884-385
BIR Accreditation No. 08-001998-15-2012,
June 19, 2012, valid until June 18, 2015
PTR No. 4225163, January 2, 2014, Makati City

April 8, 2014

MANILA JOCEKY CLUB, INC.
Schedule A. Financial Assets
As of December 31, 2013

Financial Assets	Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Valued Based on Market Quotation at End of Reporting Period	Income Received and Accrued
AFS investments					
Quoted Equity Shares					
	Petron Corporation	187,500	2,617,500	2,617,500	-
	San Miguel Corporation	29,282	1,830,125	1,830,125	-
	Dizon Copper Silver Mines, Inc.	898,437	4,582,029	4,582,029	-
	PLDT (10% Cumulative Convertible Preferred Stocks	6,975	69,750	69,750	-
	Manila Southwoods	1	380,000	380,000	-
	Sta. Elena Golf	1	3,000,000	3,000,000	-
	Tagaytay Highlands	1	500,000	500,000	-
	Club Filipino	1	100,000	100,000	-
	Tower Club, Inc.	-	600,000	600,000	-
Unquoted Equity Shares					
	PLDT (Subscriber's Plan – at cost)	-	370,047	-	-
	Banahaw Cable Car	-	5,000	-	-
	Metropolitan Theatre – Membership	-	20,000	-	-
	PLDT (Subs. Investment Plan)	-	165,500	-	-
	Executive Suites Stocks – Membership	-	3,000	-	-
Treasury Bonds					
	Bureau of Treasury, Republic of the Philippines	7,000,000	7,000,000	7,000,000	454,951
			21,242,951	**20,679,404**	**454,951**

MANILA JOCKEY CLUB, INC.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
As of December 31, 2013

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Not Current	Balance at End of Period
			Amounts Collected	Amounts Written Off			

Not Applicable

MANILA JOCKEY CLUB, INC.

Schedule C. Amounts Receivable from Related Parties which are eliminated during the Consolidation of Financial Statements
As of December 31, 2013

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions: Amounts Collected	Deductions: Amounts Written Off	Others	Current	Not current	Balance at End of Period
New Victor Technology Ltd. – Special Purpose Entity	833,516	27,119,136	27,952,652	-	-	-	-	-
Biohitech Philippines, Inc. – Subsidiary	-	1,000	-	-	-	1,000	-	1,000
SLLP Holdings, Inc. – Subsidiary	2,049	1,000	-	2,049	-	1,000	-	1,000
MJC Forex Corporation – Subsidiary	-	792	792	-	-	-	-	-
Manilacockers Club, Inc. – Subsidiary	-	92,076	92,720	-	-	(644)	-	(644)
Gametime Sports and Technologies, Inc. – Subsidiary	-	1,428,393	52,570	-	-	1,375,823	-	1,375,823
MJC Investments Corporation – Associate	283,274	659,807	-	-	-	943,081	-	943,081
Techsystems, Inc. – Associate	1,245	1,000	-	1,245	-	1,000	-	1,000
	1,120,084	**29,304,273**	**28,098,734**	**4,363**	-	**2,321,260**	-	**2,321,260**

MANILA JOCKEY CLUB, INC.
Schedule D. Intangible Assets – Other Assets
As of December 31, 2013

Description	Beginning Balance	Additions at Cost	Charged to Cost and Expenses	Charged to Other Accounts	Other Changes Additions (Deductions)	Ending Balance
	Not Applicable					

MANILA JOCKEY CLUB, INC.
Schedule E. Long-term Debt
As of December 31, 2013

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption "Current Portion of Long-term Debt" in Related Balance Sheet	Amount Shown Under Caption "Long-term Debt" in Related Balance Sheet						
			Amount - Long-Term	Interest Rate			No. of Periodic Instalments	Amount of Periodic Instalments	Maturity Date
				Low	High	Average			
BANK LOANS									
PN 824151211576	25,000,000.00	3,571,428	3,571,430	4.25%	4.75%	4.50%	4	892,857	11/05/15
PN 824151212122	40,000,000.00	5,714,286	5,714,285	4.25%	4.75%	4.50%	4	1,428,572	11/05/15
PN 824151212502	20,000,000.00	2,857,143	2,857,143	4.25%	4.75%	4.50%	4	714,286	11/05/15
PN 824151217719	15,000,000.00	2,142,857	2,142,857	4.25%	4.75%	4.50%	4	535,714	11/05/15
TOTAL	**100,000,000.00**	**14,285,714**	**14,285,715**					**3,571,429**	

MANILA JOCKEY CLUB, INC.
Schedule F. Indebtedness to Related Parties (Long-term Loans from Related Companies)
As of December 31, 2013

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
SLLP Holdings, Inc.	4,240,000	3,667,136
New Victor Technologies, Limited	-	1,420,209
	4,240,000	**5,087,345**

MANILA JOCKEY CLUB, INC.
Schedule G. Guarantees of Securities of Other Issuers
As of December 31, 2013

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which this Statement is Filed	Nature of Guarantee
Not Applicable				