



28 June 2013

Philippine Stock Exchange, Inc.
Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Gentlemen:

Please see the attached 2013 Annual Corporate Governance Report of the Company which was filed with the Securities and Exchange Commission on 28 June 2013.

Very truly yours,

A handwritten signature in black ink, appearing to read "Raul G. Gerodias". The signature is fluid and cursive, with a large initial "R" and a distinct "G" and "D" at the end.

RAUL G. GERODIAS
Compliance Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT


1. Report is Filed for the Year: 2013
2. Exact Name of Registrant as Specified in its Charter LEISURE & RESORTS WORLD CORPORATION
3. 26/F West Tower, PSE Center, Exchange Road, Ortigas Center, Pasig City 1605
Address of Principal Office Postal Code
4. SEC Identification Number: 13174
5.  (SEC Use Only)
Industry Classification Code
6. BIR Tax Identification Number: 321-000-108-278
7. (632) 637-0370
Issuer's Telephone number, including area code
8. N.A.
Former name or former address, if changed from the last report

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	11
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Actual number of Directors for the year	11
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(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
Reynaldo P. Bantug	ED		Nominations* Committee	April 19, 2002	27 July 2012	Annual Meeting	11
Jose Conrado B. Benitez	NED		Nominations Committee	December 8, 1999	27 July 2012	Annual Meeting	13
Edgardo S. Lopez	NED		Nominations Committee	August 18, 2006	27 July 2012	Annual Meeting	6
Anthony L. Almeda	ID		Geoffrey L. Uymatiao	June 30, 2004	27 July 2012	Annual Meeting	8
Willy N. Ocier	NED		Nominations Committee	July 31, 2009	27 July 2012	Annual Meeting	3
Wilson L. Sy	NED		Nominations Committee	July 29, 2011	27 July 2012	Annual Meeting	1
Eusebio H. Tanco	NED		Nominations Committee	July 29, 2011	27 July 2012	Annual Meeting	1
Bienvenido M. Santiago	NED		Nominations Committee	November 28, 2003	27 July 2012	Annual Meeting	9
Clarita T. Zarraga	ID		Anthony L. Almeda – No relation	July 30, 2010	27 July 2012	Annual Meeting	2
Ignatius F. Yenka	NED		Nominations Committee	April 19, 2012	27 July 2012	Special Meeting of the Board of Directors	1
Jose Francisco B. Benitez	ED		Nominations Committee	July 27, 2012	27 July 2012	Annual Meeting	1

*Indicate name of member of Nominations Committee, or other person, who nominated the director.

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Board aims to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders.

The Board respects the rights of shareholders, including but not limited to, the rights enumerated in the Corporation Code, *i.e.* voting on all matters requiring shareholders' approval, inspection and information, preemptive and appraisal rights and the right to receive dividends, provided such rights are timely and properly exercised in accordance applicable laws. Further, all shareholders are notified of the holding of any meetings and the corresponding agenda where their consent, attendance and approval shall be required. In the conduct of any shareholders' meeting, the Board is reports on the matters included in the agenda and, when

¹ Reckoned from the election immediately following January 2, 2012.

practicable, always discloses the relevant financial and operational reports to properly update the shareholders' on the current status of the corporation.

Although all shareholders are generally treated equally, the Board gives minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

(c) How often does the Board review and approve the vision and mission?

The Board reviews and approves the vision and mission annually.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group²

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Reynaldo P. Bantug	AB Leisure Exponent, Inc., and its subsidiaries First Cagayan Leisure and Resort Corp. LR Land Developers, Inc. AB Leisure Global, Inc. Hotel Enterprises of the Philippines, Inc.	ED/Chairman
Bienvenido M. Santiago	AB Leisure Exponent, Inc., and its subsidiaries AB Leisure Global, Inc. LR Land Developers, Inc. Hotel Enterprises of the Philippines, Inc.	ED
Jose Francisco B. Benitez	AB Leisure Global, Inc. Hotel Enterprises of the Philippines, Inc.	ED

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Willy N. Ocier	Highlands Prime, Inc. Pacific Online Systems Corporation Belle Corporation APC Group, Inc. Sinophil Corp. Vantage Equities, Inc.	
Eusebio H. Tanco	Asian Terminals, Inc. Philippine Racing Club	
Wilson L. Sy	Pacific Online Systems Corporation Vantage Equities, Inc. Yehey! Corp.	
Ignatius F. Yenke	TKC Steel Corporation	
Clarita T. Zarraga	Abacus Consolidated Resources, Inc.	

² The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Mr. Jose Conrado B. Benitez is a brother-in-law of Reynaldo P. Bantug, the company's President and Chairman. Mr. Jose Francisco Benitez, is the son of Mr. Jose Conrado Benitez and nephew of Mr. Reynaldo P. Bantug.

Mr. Reynaldo P. Bantug, is also the uncle of Alfredo Abelardo B. Benitez, the registered owner of approximately 6% of the company's outstanding capital stock as of 31 March 2013 and 93.9% of Zoraymee Holdings, Inc., another stockholder of the company. Directors Jose Conrado B. Benitez and Jose Francisco B. Benitez are the father and brother respectively of Alfredo Abelardo B. Benitez. Dominique L. Benitez, another registered owner of the company's shares, is the daughter of Mr. Edgardo S. Lopez and the daughter-in-law and sister-in-law of Jose Conrado B. Benitez and Jose Francisco B. Benitez, respectively.

Except for the said relationships, there are no other known family relationships.

- (iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

The Company has not set any limits of this nature.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director		
Non-Executive Director		
CEO		

(e) Shareholdings in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company: (As of 31 January 2013)

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Willy N. Ocier	1,771,000	860,000	0.27%
Wilson L. Sy	1,905,500		0.19%
Eusebio H. Tanco	1	6,400	Nil
Jose Francisco B. Benitez	1,000	49,500	Nil
Clarita T. Zarraga	1	5,500	Nil
Ignatius F. Yenke	1,000		Nil
TOTAL			

2) Chairman and CEO

- (a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes No

Identify the Chair and CEO:

Chairman of the Board	Reynaldo P. Bantug
CEO/President	Reynaldo P. Bantug

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	<p>To ensure that the meetings of the Board are held in accordance with the bylaws or as the Chair may deem necessary;</p> <p>To supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the Chief Executive Officer (CEO), Management and the directors</p> <p>To maintain qualitative and timely lines of communication and information between the Board and Management</p>	<p>To carry out the resolutions of the Board of Directors</p> <p>To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors</p> <p>To have the general supervision and administration of the affairs of the Company</p> <p>To represent the Company at all functions and proceedings</p> <p>To execute on behalf of the Company all contracts, agreements and other instruments affecting the interests of the Company which require the approval of the Board of Directors, except as otherwise directed by the Board of Directors</p> <p>To sign certificates of stock</p> <p>To make reports to the Directors and stockholders</p> <p>To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors</p>
Accountabilities	<p>The Chairman acts in an advisory capacity to the President and CEO and to other officers in all matters concerning the interests and management of the Corporation and, in consultation with the CEO, plays a role in the Company's external relationships.</p> <p>Assist in ensuring compliance with company's guidelines on corporate governance.</p>	<p>To exercise general supervision over all the other officers and employees of the Company; appoint and at his discretion remove or suspend all employees and agents of the Company, prescribe their duties, fix their salaries and wages, and require in certain cases guaranties or bonds to secure the faithful discharge by such employees or agents of their official duties.</p> <p>The CEO's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long and short term</p>

		plans.
Deliverables	Chairs annual and special meetings of the shareholders. Plans and organizes all of the activities of the Board of Directors including: (i) issues the notice of regular/special meetings of the Board and stockholder, as well as the agenda, in coordination with the Corporate Secretary and the Board; (ii) the preparation of for, and the conduct of, Board meetings; (iii) the quality, quantity and timeliness of the information that goes to Board members; (iv) the evaluation of the Board's effectiveness and implementation of improvements; (v) the ongoing formal and informal communication with and among Directors.	To make operational, financial and other reports during meetings of the Board and/or stockholders. To report to the Board any other matter within his knowledge that should be brought to their attention in the best interests of the Company To report or deliver such other reports, powers and perform such other duties as the Board of Directors may from time to time fix or delegate.

- 3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?

If the office of the President becomes vacant by death, resignation or otherwise, the Board of Directors, by a majority vote, may choose a successor who shall hold office for the unexpired term. In case of temporary absence of any officer of the Company or for any other person that the Board of Directors may deem sufficient, the Board of Directors may delegate the powers and duties of such officer to another qualified person. In choosing a suitable replacement for any of its top officers occupying key management positions, the Board shall consider the replacement's age, educational background, work/business experience, knowledge and understanding about the Company's core business.

- 4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

Yes. It is required that the Nomination Committee pre-screens all candidates nominated to become a member of the Board. Nominees must have a practical understanding of the business of the corporation, must be a member of the relevant industry in good standing, or a member in good standing of business or professional organizations. Each nominee is thus required to submit a summary of his or her previous business experience.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

While the Board does not have a strict policy on this, the Board nevertheless would welcome the opportunity to elect persons who, apart from having the basic qualifications and none of the disqualifications for directors, have experience or practical knowledge about the Company's core business, *i.e.* gaming.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	To design, develop and implement strategic plans for their organization in a cost-effective and time-efficient manner	To provide a creative contribution to the board by providing objective criticism.	To guard against and be a deterrent to fraud and mismanagement, inefficient use of resources, inequality and unaccountability of

			decisions; and as a forerunner for striking the right balance between individual, economic and social interests.
Accountabilities	Responsible for the day-to-day operation of the Company, including managing committees and staff and developing business plans in collaboration with the Board for the future of the Company. In essence, the board grants the Executive Director the authority to run the organization	Takes responsibility for monitoring the performance of executive management, especially with regard to the progress made towards achieving the determined Company strategy and objectives	<p>–Oversight of the Company’s financial reporting process and disclosure of its financial information</p> <p>-Reviews with management, the annual financial statements before approval by the Board with particular reference to Directors Responsibility Statement, changes in accounting policy, major accounting estimates, audit findings adjustments, compliance with listing and other legal requirements, disclosure of related party transactions and qualification in the draft audit report.</p> <p>-Review financial statements of subsidiaries with special attention to investments made by them</p>
Deliverables	The Executive Director is a leadership role for an organization and often fulfills motivational role in addition to office-based work. Executive Directors motivate and mentor members, volunteers, and staff, and may chair meetings. The Executive Director leads the organization and develops its organizational culture.	<p>Non-executive directors are expected to focus on board matters and not stray into ‘executive direction,’ thus providing an independent view of the Company that is removed from day-to-day running. Non-executive directors, then, are appointed to bring to the board:</p> <ul style="list-style-type: none"> • independence; • impartiality; • wide experience; • special knowledge; • personal qualities. 	<p>Independent Directors shall:</p> <ol style="list-style-type: none"> a. prepare thoroughly for the meeting b. be objective in forming sound decisions relating to the company and its business c. be open minded, free and frank in expressing their opinions and at the same be willing to engage in meaningful debates d. be committed to decisions made as a Board, e. continuously seek information both from within and if required outside professional

			<p>knowledge to keep abreast with the latest developments in the areas of the Company's operations</p> <p>f. be informed on laws and regulations influencing their functioning as directors</p> <p>g. Utilize the expertise they possess to the good advantage of the Company</p>
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Provide the company's definition of "independence" and describe the company's compliance to the definition.

An "Independent Director" means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director and includes, among others, any person who:

- (i) Is not a director or officer or substantial stockholder of the Company or of its related companies or any of its substantial stockholders (other than as an independent director of any of the foregoing);
- (ii) Does not own more than 2% of the shares in the Company and/or its related companies or its substantial stockholders;
- (iii) Is not related to any director, officer or substantial stockholder of the Company, any of its related companies or any of its substantial stockholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- (iv) Is not acting as a nominee or representative of any director or substantial stockholder of the Company, and/or any of its related companies and/or any of its substantial stockholders;
- (v) Has not been employed in any executive capacity by the Company, any of its related companies and/or by any of its substantial stockholders within the last 2 years;
- (vi) Is not retained, either personally or through his firm or any similar entity as professional adviser by the Company, any of its related companies or any of its substantial stockholders within the last 2 years; or
- (vii) Has not engaged and does not engage in any transaction with the Company and/or with any of its related companies and/or with any of its substantial stockholders, whether by himself or with other persons or through a firm of which he is a partner and/or a company of which he is a director or substantial stockholder, other than transactions which are conducted at arm's length and are immaterial.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

Yes. The company has a term limit of five consecutive years for independent directors in accordance with SEC Memorandum Circular 9-2011. The Company has yet to provide for rules for returning independent directors.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period from 01 January 2012 to the present:

Name	Position	Date of Cessation	Reason
Renato G. Nunez	Director	16 February 2012	Assignment to one of the Company's subsidiaries.

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors; (ii) Non-Executive Directors	The election of the members of the Board is held during the Annual Stockholders' Meeting. In accordance with the Corporation's Manual for Corporate Governance (the "Manual"), the Nomination Committee shall pre-screened all candidates nominated to become a member of the Board in accordance with the qualifications and disqualifications set forth in the Manual.	In addition to the qualifications for membership in the Board provided for in the Corporation Code, Securities Regulation Code ("SRC") and other relevant laws, the Board may provide for additional qualifications which include, among others, the following: (i) College education or equivalent academic degree; (ii) Practical understanding of the business of the corporation; (iii) Membership in good standing in relevant industry, business or professional organizations; and (iv) Previous business experience.
(iii) Independent Directors	Only the nominees for Independent Directors whose names appear in this Information Statement shall be eligible for election as Independent Director. No further nomination shall be entertained or allowed on the floor during the actual Annual Meeting. The Chairman of the Annual Meeting shall inform all stockholders in attendance of the mandatory requirement of	(i) Is not a director or officer or substantial stockholder of the Company or of its related companies or any of its substantial stockholders (other than as an independent director of any of the foregoing); (ii) Does not own more than 2% of the shares in the Company and/or its related companies or its substantial stockholders; (iii) Is not related to any

	<p>electing two Independent Directors. He shall ensure that two Independent Directors are elected during the Annual Meeting. Specific slots for Independent Directors shall not be filled by unqualified nominees. In case of failure of election for Independent Directors, the Chairman of the Annual Meeting shall call a separate election during the same meeting to fill up the vacancy.</p>	<p>director, officer or substantial stockholder of the Company, any of its related companies or any of its substantial stockholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;</p> <p>(iv) Is not acting as a nominee or representative of any director or substantial stockholder of the Company, and/or any of its related companies and/or any of its substantial stockholders;</p> <p>(v) Has not been employed in any executive capacity by the Company, any of its related companies and/or by any of its substantial stockholders within the last 2 years;</p> <p>(vi) Is not retained, either personally or through his firm or any similar entity as professional adviser by the Company, any of its related companies or any of its substantial stockholders within the last 2 years; or</p> <p>(vii) Has not engaged and does not engage in any transaction with the Company and/or with any of its related companies and/or with any of its substantial stockholders, whether by himself or with other persons or through a firm of which he is a partner and/or a company of which he is a director or substantial stockholder, other than transactions which are conducted at arm's length and are immaterial.</p> <p>Further, the additional qualifications are:</p> <p>(i) He shall have at least 1 share of stock of the Company;</p> <p>(ii) He shall be at least a college graduate or he shall have been engaged or</p>
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		<p>exposed to the business of the Company for at least 5 years;</p> <p>(iii) He shall possess integrity/probity; and</p> <p>(iv) He shall be assiduous.</p>
b. Re-appointment		
<p>(i) Executive Directors; and</p> <p>(ii) None-Executive Directors</p>	Members of the Board shall serve for a term of one year and until their successors shall have been duly elected and qualified.	
<p>(iii) Independent Directors</p>	Without prejudice to the term limits provided under SEC MC 9-2011, Independent Directors shall serve for a term of one year and until their successors shall have been duly elected and qualified.	
c. Permanent Disqualification		
<p>(i) Executive Directors;</p> <p>(ii) Non-Executive Directors; and</p> <p>(iii) Independent Directors</p>		<p>(i) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the SRC; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>(ii) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of</p>

		<p>a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities.</p> <p>The disqualification shall also apply if such person is currently the subject of an order of the SEC or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, SRC or any other law administered by the SEC or Bangko Sentral ng Pilipinas (“BSP”), or under any rule or regulation issued by the SEC or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;</p> <p>(iii) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;</p> <p>(iv) Any person who has been adjudged by final judgment or order of the SEC, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of</p>
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		<p>the Corporation Code, SRC or any other law administered by the SEC or BSP, or any of its rule, regulation or order;</p> <p>(v) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;</p> <p>(vi) Any person judicially declared as insolvent;</p> <p>(vii) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in subparagraphs (i) to (v) above;</p> <p>(viii) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment.</p>
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d. Temporary Disqualification

<p>(i) Executive Directors;</p> <p>(ii) Non-Executive Directors; and</p> <p>(iii) Independent Directors</p>	<p>A temporarily disqualified director shall, within sixty business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.</p>	<p>The Board may provide for the temporary disqualification of a director for any of the following reasons:</p> <p>(i) Refusal to comply with the disclosure requirements of the SRC and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists;</p> <p>(ii) Absence in more than fifty percent of all regular and special meetings of the Board during his incumbency, or any twelve-month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election;</p>
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		<p>(iii) Dismissal or termination for cause as director of any corporation covered by the Corporation Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;</p> <p>(iv) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;</p> <p>(v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.</p> <p>Additionally for Independent Directors,:</p> <p>(i) Term limit prescribed under SEC Memorandum Circular No. 9 (December 5, 2011);</p> <p>(ii) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;</p>
e. Removal		
<p>(i) Executive Directors; and (ii) Non-Executive Directors</p>		<p>Any person who has been finally convicted by a competent judicial or administrative body of the following: (a) any crime involving the purchase or sale of securities, e.g., proprietary or non-proprietary membership certificate, commodity futures contract, or interest in a common trust fund, pre-need plan, pension plan or life plan; (b) any crime</p>

		<p>arising out of the person's conduct as an underwriter, broker, dealer, investment company, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, floor broker; and (c) any crime arising out of his relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;</p> <p>(ii) Any person who, by reason of any misconduct, after hearing or trial, is permanently or temporarily enjoined by order, judgment or decree of the SEC or any court or other administrative body of competent jurisdiction from: (a) acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer; futures commission merchant; commodity trading advisor, or a floor broker; (b) acting as a director or officer of a bank, quasi-bank, trust company, investment house, investment company or an affiliated person of any of them; (c) engaging in or continuing any conduct or practice in connection with any such activity or willfully violating laws governing securities, and banking activities. Such disqualification shall also apply when such person is currently subject to an effective order of the SEC or any court or other administrative body refusing, revoking or suspending any registration, license or permit issued under the Corporation Code, SRC, or any other law administered by the SEC or BSP, or under any rule or regulation promulgated by the SEC or BSP, or otherwise restrained from engaging in</p>
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		<p>any activity involving securities and banking. Such person is also disqualified when he is currently subject to an effective order of a self-regulatory organization suspending or expelling him from membership or participation or from associating with a member or participant of the organization;</p> <p>(iii) Any person finally convicted judicially or administratively of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false oath, perjury or other fraudulent act or transgressions;</p> <p>(iv) Any person finally found by the SEC or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the SRC, the Corporation Code, or any other law administered by the SEC or BSP, or any rule, regulation or order of the SEC or BSP, or who has filed a materially false or misleading application, report or registration statement required by the SEC, or any rule, regulation or order of the SEC;</p> <p>(v) Any person judicially declared to be insolvent;</p> <p>(vi) Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts; violations or misconduct similar to any of the acts, violations or misconduct listed in paragraphs (i) to (v) hereof;</p> <p>(vii) Any affiliated person who is ineligible, by reason of paragraphs (i) to (v) hereof to serve or act in the capacities listed in those paragraphs;</p> <p>(viii) Conviction by final</p>
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		judgment of an offense punishable by imprisonment for a period exceeding 6 years, or a violation of the Corporation Code, committed within 5 years prior to the date of his election or appointment;
(iii) Independent Directors		Same as above, and additionally: (i) He becomes an officer or employee of the Company where he is such member of the board of directors/trustees, or becomes any of the persons enumerated in item (i) to (viii) above; (ii) His beneficial security ownership exceeds 10% of the outstanding capital stock of the Company where he is such director; (iii) Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family; and (iv) Such other disqualifications which the Company's Manual provides.
f. Re-instatement		
(i) Executive Directors		
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors		
(ii) Non-Executive Directors		
(iii) Independent Directors		

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Reynaldo P. Bantug	606,861,033,881 shares or approximately 60.69% of the outstanding capital stock
Jose Conrado B. Benitez	606,861,033,881 shares or approximately 60.69% of the outstanding capital stock
Edgardo S. Lopez	606,861,033,881 shares or approximately 60.69% of the outstanding capital stock
Ignatius F. Yenke	606,861,033,881 shares or approximately

	60.69% of the outstanding capital stock
Willy N. Ocier	606,861,033,881 shares or approximately 60.69% of the outstanding capital stock
Bienvenido M. Santiago	606,861,033,881 shares or approximately 60.69% of the outstanding capital stock
Wilson L. Sy	606,861,033,881 shares or approximately 60.69% of the outstanding capital stock
Eusebio H. Tanco	606,861,033,881 shares or approximately 60.69% of the outstanding capital stock
Jose Francisco B. Benitez	606,861,033,881 shares or approximately 60.69% of the outstanding capital stock
Clarita T. Zarraga	606,861,033,881 shares or approximately 60.69% of the outstanding capital stock
Anthony L. Almeda	606,861,033,881 shares or approximately 60.69% of the outstanding capital stock

6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any.

While the Company has a formal board in place, it is still in the process of establishing a suitable and formal director development program.

- (b) State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years: None.
- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Jose Francisco B. Benitez	15 February 2013	Corporate Governance and Anti-Money Laundering Act	Philippine Securities Consultancy Corporation

B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

The Company maintains policies and procedures that apply to all directors, officers, senior management and employees.

Business Conduct & Ethics	Directors, Senior Management and Employees
(a) Conflict of Interest	The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation.

³ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

(b) Conduct of Business and Fair Dealings	<p>All Directors, Officers, Senior Management and Employees of the Company should, at all times, exhibit appropriate conduct.</p> <p>It is the Company's policy that all transactions will be accurately reflected in its books and records. Falsification of books and records and the creation or maintenance of any of the record book of accounts are strictly prohibited.</p> <p>Employees are expected to be honest and informative with the Company's internal and external auditors.</p> <p>The Company expects all employees at all levels to adhere to its policies and internal controls, as well as to make full, accurate, timely and understandable disclosures in reports and documents that the Company files with the SEC, PSE, BIR and other government offices.</p>
(c) Receipt of gifts from third parties	<p>Directors, Officers, senior management, and employees should not accept gifts, meals or entertainment or any favor from customers or suppliers, if doing so, may compromise their ability to make objective business decisions in the best interest of the Company.</p>
(d) Compliance with Laws & Regulations	<p>The policy of the Company is to comply with all governmental laws, rules and regulations applicable to the business.</p>
(e) Respect for Trade Secrets/Use of Non-public Information	<p>No director, officer, senior management or employee should use or disclose at any time during or subsequent to employment, without proper authority or mandate, confidential information obtained from any source in the course of the Company's business.</p> <p>They are obligated to protect the Company's non-public information at all times, including outside of the workplace and working hours and even after employment ends.</p> <p>All employees are responsible for reporting material information known to them to higher management so that information will be available to senior executives responsible for making disclosure decisions.</p>
(f) Use of Company Funds, Assets and Information	<p>The Company's assets are tangible and intangible ones, including confidential information. All Company directors, officers, senior management or employees are expected to protect its assets and use them efficiently to advance the interest of the Company.</p> <p>The Company's assets shall not be used for any personal benefit of anyone other than the Company.</p> <p>Theft of Company assets may result in termination and criminal prosecution.</p> <p>The use of Company assets or equipment to support personal interests requires written approval from the Chairman or President.</p>
(g) Employment & Labor Laws & Policies	<p>Company Officers may serve as directors of affiliated companies and such service may be part of their normal work assignments.</p> <p>It is the policy of the Company to restrict the holding by directors and officers in non-affiliated, for profit organizations, and prohibits the acceptance of any directorship that would involve a conflict of interest with, or interfere with, the discharge of their duties to the Company,</p> <p>Officers may hold directorships in non-affiliated, non-profit organization, unless such directorship would involve a conflict of interest with, or interfere with, the discharge of the officer's or employee's duties to the Company, or obligate the Company to provide support to the non-affiliated, non-profit organization.</p>

	<p>All directorships in public companies held by directors of the Company are subject to review and approval by the Board of Directors of the Company.</p> <p>Directorships in non-affiliated, for profit organizations are subject to review and approval by management of the Company as directed by the Chairman.</p> <p>Employment related decisions should be based on qualifications, performance, skills and experience.</p>
(h) Disciplinary action	<p>The Company strictly enforces sanctions and penalties provided under the Company's charter or internal rules as long as the concerned employee, officer or even director of the Company has been given the opportunity to be heard and the charges are nevertheless proven by substantial evidence. In addition, the Company may impose preventive sanctions like suspensions and re-assignments to assist any investigation of charges being conducted.</p>
(i) Whistle Blower	<p>Employees are expected to report promptly to management suspected violations of law, the Company's policies, internal controls, so that management can take appropriate corrective action.</p> <p>Suspected violations of laws of the Company's policies involving a director, officer or senior management , as well as any concern regarding questionable accounting or auditing matters , should be referred directly to the Audit Committee.</p> <p>The Audit Committee will initially review all issues involving the director, officer or senior management, and will then refer all such issues to the Board of Directors of the Company.</p> <p>Failure to comply with law and the Company's policies and internal controls may result in disciplinary action, such as suspension without pay, reduction of merit increases or termination of employment.</p>
(j) Conflict Resolution	<p>The Company encourages employees to voice concerns and make appropriate suggestions regarding the business practices of the Company.</p> <p>In case of conflict, an employee will discuss matters with his immediate supervisor. If the employee is dissatisfied with the review done by his immediate supervisor, the employee is encouraged to request further review by higher management, with the presence of the supervisor, to resolve the issue.</p>

- 2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees? Yes.
- 3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

The responsibility for administering the code of conduct/ethics rests with the Board of Directors, with oversight by the Chairman and President, and the Audit Committee.

All new Directors, Officers, Senior Management and employees are acquainted with the Company's policies and required to read the same.

A copy of the Company's policies are also made available at the offices of the President and Chairman, or any other member of the Company's senior management. All persons who request for copies shall be provided one free of charge.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures,

subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	<p>Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among entities which are under common control with the reporting enterprise and its key management personnel, directors, or its stockholders.</p> <p>While related party transactions are not <i>per se</i> prohibited or avoided, should any officer be interested or involved in any transaction of the Company, the Company shall endeavor to be informed of all relevant facts, shall ensure that the approval of the transaction is for the best interests of the Company and not merely for the purpose of benefitting the concerned officer or director. Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in an economically comparable market.</p>
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved. N/A

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	
Name of Officer/s	
Name of Significant Shareholders	

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

There is currently no structured mechanism adopted by the Company or its group to detect, determine and resolve possible conflict of interest, if any, between the Company and/or its group and their directors, officers and significant shareholders. However, the Company's nomination committee pre-screens candidates for members of the Company's board of directors to avoid any possible conflict of interest from arising. The Company's Compliance Officer and legal counsels also check for possible conflicts whenever the Company enters into transactions.

	Directors/Officers/Significant Shareholders
Company	
Group	

5) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,⁴ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:
N/A

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company: N/A

Names of Related Significant Shareholders	Type of Relationship	Brief Description

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company: N/A

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	
Corporation & Third Parties	
Corporation & Regulatory Authorities	

The Company does not have a strict and formal alternative dispute resolution system in place for the amicable settlement of differences and conflicts. However, the Company does prefer, encourage and recognize the benefit of amicably settling disputes both within the Company and those involving third persons.

C. BOARD MEETINGS & ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

While the Board tentatively set the regular meetings of the Board at 4pm every 3rd Thursday of the month, the holding of a regular meeting is still subject to the availability of the directors and the ability to come up with a quorum. Should there be no quorum available on the set date, the Chairman will inquire as to the nearest available date when a quorum would be present to attend the meeting. For special meetings of the board, the

⁴ Family relationship up to the fourth civil degree either by consanguinity or affinity.

meetings are called at any time by the President or by the unanimous consent of all the members of the board who are present in the Philippines or with the presence and participation of the members present in the Philippines.

2) Attendance of Directors from 01 January to 31 December 2012:

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Reynaldo P. Bantug	19 April 2002	10	10	100%
Member	Jose Conrado B. Benitez	08 December 1999	10	5	50%
Member	Edgardo S. Lopez	18 August 2006	10	9	90%
Member	Geoffrey L. Uymatiao*	08 December 1999	6	6	100%
Member	Bienvenido M. Santiago	28 November 2003	10	9	90%
Member	Jose Francisco B. Benitez**	27 July 2012	5	5	100%
Member	Renato G. Nunez***	30 September 2005	1	1	100%
Member	Willy N. Ocier	31 July 2009	10	2	20%
Member	Ignatius F. Yenka****	19 April 2012	7	7	100%
Member	Eusebio H. Tanco	29 July 2011	10	9	90%
Member	Wilson L. Sy	29 July 2011	10	8	80%
Independent	Clarita T. Zarraga	30 July 2010	10	10	100%
Independent	Anthony L. Almeda	30 June 2004	10	6	60%

* No longer elected as director during the annual meeting of the stockholders held on 27 July 2012.

** Elected as a director during the annual meeting of the stockholders held on 27 July 2012.

*** Resigned as director on 16 February 2012.

**** Elected as a director during the special meeting of the board of directors held on 19 April 2012.

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? No

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

No. A quorum at any meeting of the directors shall consist of a majority of the entire membership of the Board. A majority of such quorum shall decide any questions that may come before the meeting.

5) Access to Information

(a) How many days in advance are board papers⁵ for board of directors meetings provided to the board?

⁵ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets,

Board papers are provided to the board at least one (1) day before the date of such meeting.

- (b) Do board members have independent access to Management and the Corporate Secretary? Yes
- (c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

Once the chairman provides the date of the next meeting of Board, the Corporate Secretary and the Chairman discuss the items to be included in the agenda for the meeting. Once the agenda has been finally confirmed by the Chairman, the Corporate Secretary sends out notices of the meeting at least 5 calendar days, if practicable, by electronic mail message, SMS and facsimile transmission to all directors. Any changes in the schedule or agenda of the meeting are disseminated to all directors in the same manner.

Moreover, the Corporate Secretary has the following duties:

- (i) To keep the minutes of all meetings of the Board of Directors and of the stockholders;
- (ii) To keep the stock and transfer book and the corporate seal, which he shall stamp on all documents requiring such seal of the Company;
- (iii) To fill and countersign all the certificates of stock issued, asking corresponding annotations on the margins of stubs of such certificates upon issuance;
- (iv) To give, or cause to be given, all notices required by law or by-laws of the Company as well as notices of all meeting of the Board of Directors and of the stockholders.

- (d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes. The incumbent Corporate Secretary is a lawyer and has previous experience in acting as secretary for other companies.

- (e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes No

Committee	Details of the procedures
Executive	
Audit	
Nomination	
Remuneration	
Others (specify)	

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
The Company refers its directors to external counsel and other advisors whenever they have questions regarding the Company's transactions and to prepare them for board and committee meetings.	

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

There were no significant changes introduced by the Board of Directors during its most recent term on existing policies that may have an effect on the business of the Company.

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers (Aggregate)
(1) Fixed remuneration		P5,723,000.00
(2) Variable remuneration		N/A
(3) Per diem allowance		P210,000.00
(4) Bonus		P600,000.00
(5) Stock Options and other financial instruments		N/A
(6) Others (specify)		N/A

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company’s policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors			
Non-Executive Directors			

The Board of Directors, upon recommendation of the Compensation Committee and taking into consideration the performance evaluations and other factors, shall fix the compensation of the officers and agents of the Company.

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders’ Approval
	N/A

The Board of Directors, upon recommendation of the Compensation Committee and taking into consideration the performance evaluations and other factors, shall fix the compensation of the officers and agents of the Company.

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	As determined by the Board	N/A	N/A
(b) Variable Remuneration	N/A	N/A	N/A
(c) Per diem Allowance	P10,000/Board Meeting; P5,000 and P3,000/Committee as Chair and Member	P10,000/Board Meeting; P5,000 and P3,000/Committee as Chair and Member	P10,000/Board Meeting; P5,000 and P3,000/Committee as Chair and Member
(d) Bonuses	P300,000.00	P300,000.00	P300,000.00
(e) Stock Options and/or other financial instruments	See discussion below on MISOP	See discussion below on MISOP	See discussion below on MISOP
(f) Others (Specify)	N/A	N/A	N/A
Total			

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	N/A	N/A	N/A
2) Credit granted	N/A	N/A	N/A
3) Pension Plan/s Contributions	N/A	N/A	N/A
(d) Pension Plans, Obligations incurred	N/A	N/A	N/A
(e) Life Insurance Premium	N/A	N/A	N/A
(f) Hospitalization Plan	N/A	N/A	N/A
(g) Car Plan	N/A	N/A	N/A
(h) Others (Specify)	N/A	N/A	N/A

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
N/A	N/A	N/A	N/A	N/A

While the Company has adopted a Management Incentive Stock Option Plan (MISOP), approved by the stockholders on 29 July 2011, which has provided for general criteria on who may be entitled to avail of the program, the MISOP Committee has not yet finalized the particular officers, directors or employees who are qualified to avail, as well as the criteria and requirements for availment.

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
N/A	N/A	N/A

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Alejandro P. Alonte – Vice President	P1,191,985.00
Carmelita d.L. Chan – Treasurer	
Esther O. Cruz – Assistant Treasurer	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Audit	2		1				
Nomination		2	1				
Remuneration	1	1	1				
Others							
MISOP	3	1	1				
Risk Oversight	2	1	1				

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	N/A					
Member (ED)	N/A					
Member (NED)	N/A					
Member (ID)	N/A					
Member	N/A					

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Clarita T. Zarraga	14 August 2012	3	3	100%	3
Member (ED)	Reynaldo P. Bantug	14 August 2012	3	3	100%	2
Member (ED)	Bienvenido M. Santiago	14 August 2012	3	3	100%	1

Disclose the profile or qualifications of the Audit Committee members.

Clarita T. Zarraga

Abacus Consolidated Resources and Holdings, Inc.
 Lucky Circle Corporation
 Philippine Regional Investment Development Corporation
 Blue Stock Development Farms, Inc.
 Pride Star Development Bank
 Batangan Plaza, Inc.
 Montemayor Aggregates and Mining Corporation
 Alpha Asia Hotels and Resorts, Inc.
 Saturnina Estate & Dev't Complex Corp.
 Defending Family Values Foundation, Inc.
 Batangas Social Dev't Foundation, Inc.
 ARMCI Solutions & Consultancy, Inc.
 Expolanka Freight, Inc.

(All-Director)

Digi Software Phils, Inc.

(Independent Director)

Reynaldo P. Bantug

AB Leisure Exponent, Inc.
 First Cagayan Leisure and Resort Corp.
 LR Land Developers, Inc.
 AB Leisure Global, Inc.
 BAPA Realty Development Corp.
 BAPA Holdings & Management
 Green Future Innovations, Inc.

(All-Director)

Bienvenido M. Santiago

AB Leisure Exponent, Inc.
AB Leisure Global, Inc.
The Print Gallery, Inc.
Image Dimension, Inc.
Corporate Image Dimensions, Inc.
Market Light Realty & Construction, Inc.
St. James Holding Corporation
LR Land Developers, Inc.
One Boutique Amusement & Recreation Corp.
Worldwide Links Leisure & Gaming Corp.
North Luzon Gaming & Amusement Corp.
One Bingo Pavilion, Inc.
516 Games and Technology Corporation
Big Time Gaming Corporation
SG Amusement and Recreation Corporation
Zoraymee Holdings, Inc.
(All-Director)

Describe the Audit Committee's responsibility relative to the external auditor.

The audit committee performs oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts; Review the reports submitted by the internal and external auditors; Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (NED)	Willy N. Ocier	14 August 2012	2	2	100%	4
Member (NED)	Wilson L. Sy	14 August 2012	2	2	100%	2
Member (ID)	Anthony L. Almeda	14 August 2012	2	2	100%	2

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ED)	Reynaldo P. Bantug	14 August 2012	2	2	100%	2
Member (ID)	Clarita T. Zarraga	14 August 2012	2	2	100%	2
Member (NED)	Eusebio H. Tanco	14 August 2012	2	2	100%	2

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

Management Incentive Stock Option Plan Committee:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Clarita T. Zarraga	14 August 2012	2	2	100%	2
Member (NED)	Ignatius F. Yenke	14 August 2012	2	2	100%	1
Member (ED)	Reynaldo P. Bantug	14 August 2012	2	2	100%	2
Member (ED)	Jose Francisco B. Benitez	14 August 2012	2	2	100%	1
Member (ED)	Bienvenido M. Santiago	14 August 2012	2	2	100%	2

Risk Oversight Committee:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Anthony L. Almeda	14 August 2012	2	2	100%	-
Member (NED)	Wilson L. Sy	14 August 2012	2	2	100%	-
Member (ED)	Reynaldo P. Bantug	14 August 2012	2	2	100%	-
Member (NED)	Ignatius F. Yenke	14 August 2012	2	2	100%	-
Member (ED)	Jose Francisco B. Benitez	14 August 2012	2	2	100%	-

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:
None.

Name of Committee	Name	Reason
Executive	N/A	N/A
Audit	N/A	N/A
Nomination	N/A	N/A
Remuneration	N/A	N/A
Others (specify)	N/A	N/A

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	N/A	N/A
Audit	Reviewed and approved the financial statements before the same were submitted to the Board of Directors; Discussed results of the audit conducted by the Company's Internal Audit Group	
Nomination	Screened and reviewed the qualification of candidates for	

	members of the Board of Directors	
Remuneration	Reviewed the Company's remuneration for its officers and employees	
Management Incentive Stock Option Plan	Preparing internal rules to determine who shall be qualified to avail of the MISOP	
Risk Oversight Committee	Currently drafting Manual and internal rules to determine scope of functions, work and deliverables <i>vis a vis</i> the Audit Committee	

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	N/A	
Audit	N/A	
Nomination	N/A	
Remuneration	N/A	
Others (specify)	N/A	

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

Risk management is everyone's concern; it is the responsibility of all employees, all levels of management and all branches and subsidiaries of the Company to ensure that the identification, understanding, measurement and control of the different risks inherent in all aspects of the Company's operations are implemented so that adequate return on the capital that is at risk is achieved.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

Currently, the Company is in the process of drafting the Risk Management Manual and its internal rules. Once the Manual and rules have been finalized, these will be presented to the Board for approval, dissemination and implementation.

(c) Period covered by the review; N/A

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; N/A

(e) Where no review was conducted during the year, an explanation why not. N/A

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Liquidity Risk	To manage liquidity risk, the Company maintains sufficient liquid assets to meet its maturing obligations and to meet current operating requirements.	Manage liquidity risk
Credit Risk	To reduce its credit risk, the Company concentrates its main cash activities with a bank that has good financial ratings. Also the utilization of credit limits with the bank is regularly monitored.	Reduce credit risk
Market Risk	To reduce market risk, the Company ensures transparency and diligence in making announcements, decisions or investments to reduce any adverse effect on the Company's image, reputation or name which may bring down the prices of its publicly-traded shares, or the customers of its operating subsidiaries.	Reduce market risk
Operational Risk	To manage operational risk, the Company adopts strict procedures and controls for reporting, monitoring and decision-making; there are also procedures in place which standardize and reduce deficiencies in booking, accounting and legal documentation; there are also systems in place to check with volume and work load of all employees.	Reduce operational risk

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective

As of the moment, the Risk Oversight Committee is currently drafting internal rules to determine scope of functions, work and deliverables *vis a vis* the Audit Committee, including identifying, prioritizing and addressing the risks which the Company is or may be exposed to.

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
The principal risk of the exercise of controlling shareholders' voting power to minority shareholders is that the minority shareholders will not be able to vote against matters voted upon by controlling shareholders. Despite this, the Company ensures that all matters to be decided upon by the shareholders are discussed during a stockholders' meeting and any objections on such matters by any shareholder are heard.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Legal risks	Assessment and monitoring are conducted initially by the Company's officers. These are then discussed with external counsels and other advisors, and with Management and the Board if necessary.	Company officers regularly consult with external counsel and other advisors to manage and control perceived legal risks. Directors also have direct access to external counsel, so they can prepare and get appropriate advice before corporate actions are taken.
Credit and liquidity risks	Assessment and monitoring are conducted initially by the Company's officers. These are then discussed with Management and the Board if necessary.	To reduce credit risks, the Company concentrates its main cash activities with a bank that has good financial ratings. Also the utilization of credit limits with the bank is regularly monitored. To manage liquidity risk, the Company maintains sufficient liquid assets to meet its maturing obligations and to meet current operating requirements.
Operational risk	Assessment and monitoring are conducted initially by the designated personnel of the Company's Human Resources Department in conjunction with the various branch heads of the operating subsidiaries. These are then discussed with Management and, if unresolved, with the Board if necessary.	The Company implements a quarterly performance appraisal of all its employees. There is also an unannounced internal operational audit conducted onsite annually to determine compliance with internal Company rules and regulations. To safeguard against defalcation of funds, delegated signing authorities are established to ensure checks and balances in the approval and payment of transactions.
Market risk	The Board and Company officers assess and monitor any potential market risks. Potential actions and remedial measures are then discussed and, if necessary, presented to the Board for approval and implementation.	The Board determines possible actions that may be undertaken to address and minimize any potential market risks. The Company ensures that any significant or disclosable events are immediately and timely disclosed to the investing public, together with the necessary details that surrounding the event or transaction.

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Same as above	Same as above	Same as above

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions

Control policies and procedures are set by the Board of Directors following consultations with Management and external advisors. After which, the Board determines if it will be referred to the proper committee, *i.e.* the audit committee, risk oversight committee, or if it will consult external counsel, financial advisers or any other persons whose expertise may be required to address the particular issue.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

As embodied in its Internal Audit Manual, the concept involves systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes being implemented in the Company. To achieve its objectives management ensures that there is appropriate segregation of duties and responsibilities to effectively promote a system of checks and balance; that there are written policies and procedures for each department covering critical business processes and transactions; and that there are efficient information systems and procedures that will ensure timely and accurate financial and operational information.

The Audit Committee carries out the following duties in relation to the Company's Internal Control:

- Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;
- Understanding the scope of external auditor's review of internal controls over financial reporting and review of report on significant findings and recommendations, together with Management's responses;
- Adopt a suitable internal control framework (such as COSO-Internal Control Integrated Framework and Control Objectives for information and related technology);
- Monitor, oversee, and evaluate the duties and responsibilities of management, the internal auditor and the external auditor as those duties and responsibilities relate to the organization's processes for controlling its operations;
- Determine all major issues reported by internal auditor, external auditor and other outside advisors have been satisfactorily resolved;
- Reporting to the Board of Directors all important matters pertaining to the organization's control processes.

The directors have reviewed the effectiveness of the internal control system and consider them effective and adequate for purposes of the Company. The Board reviews the effectiveness of the internal control system at least on a yearly basis.

- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The Audit Committee has been established in the Company to perform this function. Audit reports on concerned departments/branches are being submitted by Internal Audit to present to the Board through the Audit Committee the assessment on the adequacy and effectiveness of the internal control system being implemented within the Company.

- (c) Period covered by the review;

On scheduled and periodic basis through audit reports submitted to the Audit Committee.

- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

On scheduled and periodic basis through audit reports submitted to the Audit Committee.

- (e) Where no review was conducted during the year, an explanation why not. N/A

2) Internal Audit

- (a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

The Audit Committee has the following functions in relation to the Internal Audit of the Company:

- Perform oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- The Audit Committee shall ensure that, in performance of the work of the internal auditor, he shall be free from interference by outside parties;
- Review and approve the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it
- Review with Management of the charter, activities and the organizational structure of the internal audit function;
- Review of significant findings and Management's response including timetable for implementation to correct weaknesses; and any difficulties encountered by the auditors in the course of their audit (such as restrictions on the scope or access to information);
- Provide support to the internal audit function and provide high level follow up of audit recommendations when such action is needed;
- Review of the effectiveness of internal audit function, including compliance with the Standards for the Professional Practice of Internal Auditing;
- Confirm the appointment, replacement, or dismissal of the head of internal audit function;
- At least once a year, review the performance of the head of internal audit function and concur with annual compensation and salary adjustment;
- On a regular basis, meet separately with the head of the internal audit function to discuss any matter that the committee or internal audit believes should be discussed privately.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
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Provide independent, objective assurance and consulting services designed to add value and improve the organization's operations.	To determine whether the organization's network of risk management, control and governance processes as designed and represented by management is adequate and functioning in a manner to ensure that: Risks are appropriately identified and managed; interaction with various governance groups occur as needed; significant financial, managerial, and operating information is accurate, reliable and timely; and other audit related issues.	Internal Audit Function	Denis Gary Ma. B. Ditching	Reporting to the Board through the Audit Committee.
Effectiveness of internal control system (Key financial controls)	Cash and Expenses	Internal Audit Function	Denis Gary Ma. B. Ditching	Reporting to the Board through the Audit Committee.
Financial Accounting Computerize/Data base system	Assessment of design and implementation process and procedures	Internal Audit Function	Denis Gary Ma. B. Ditching	Reporting to the Board through the Audit Committee.
Officers, directors, Senior Management and Employees Policy Review	Review of updated policy documentation Review of roles and responsibilities	Internal Audit Function	Denis Gary Ma. B. Ditching	Reporting to the Board through the Audit Committee.
Review of all legal, lease contracts and bank covenants	Bank Covenants and all Legal Contacts	Internal Audit Function	Denis Gary Ma. B. Ditching	Reporting to the Board through the Audit Committee.

- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

Yes. The hiring or appointment of an internal auditor or auditors shall be determined by the Board of Directors upon the recommendation of the Audit Committee.

- (c) Discuss the internal auditor’s reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

After Internal audit has performed an on-site audit of the department or branch of the company, and audit report is prepared and submitted to the Audit Committee for review and appropriate action. Internal audit has been given the authority to have direct and unfettered access to the Board and Audit Committee and to all records, properties and personnel. In addition, the Internal Auditor has been designated as the Chairman of the Fraud Committee established within the company.

The Audit Committee, at least once a year, reviews the performance of the head of internal audit function and concurs with annual compensation and salary adjustments. On a regular basis, the Audit Committee shall meet separately with the head of the internal audit function to discuss any matter that the committee or internal audit believes should be discussed privately.

- (d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them. N/A

Name of Audit Staff	Reason

- (e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit’s progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	All plans of previous years have been fully complied with. For 2013, we have accomplished half of our targets and our audit activities are moving in to other audit departments and branches not yet covered per schedule.
Issues⁶	All issues are clarified during audit wrap up/exit which Internal Audit team conducts after every assignment.
Findings⁷	All findings are summarized in a list with action plans and target date of compliance/correction
Examination Trends	Over the past three (3) years we have observed less and less branches/departments rated below satisfactory in terms of compliance per our rating system.

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones; **Yes. Being done annually**
- 2) Conduct of examination based on the plan; **Yes, on-site audit performed per schedule**
- 3) Evaluation of the progress in the implementation of the plan; **Yes. Being monitored by the Head of Internal Audit**
- 4) Documentation of issues and findings as a result of the examination; **Yes, audit reports submitted on each department/branch audited.**
- 5) Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results; **Yes, discussed with auditees during audit wrap ups/exit**

⁶ “Issues” are compliance matters that arise from adopting different interpretations.

⁷ “Findings” are those with concrete basis under the company’s policies and rules.

6) Conduct of the foregoing procedures on a regular basis. **Yes. Done per schedule]**

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
The Audit Committee shall ensure that, in performance of the work of the internal auditor, he shall be free from interference by outside parties	Implemented
The Audit Committee shall review and approve the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it	Implemented
Cash Management (Treasury)	Implemented
Card Management (Operations)	Implemented
Financial Reports & Operational guidelines (Operations)	Implemented

(g) Mechanisms and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<p>The Audit Committee has put in place safeguards to ensure that the independence of the audit is not compromised. Such safeguards include:</p> <ul style="list-style-type: none"> a) Seeking confirmation that the auditor in their professional judgment is independent of the Company b) Obtaining from the external auditor an account of all relationships between the auditors and the Company c) Monitoring the number of former employees of the external auditor currently employed in senior positions in the Company and assessing whether those appointments impair the auditor's judgment or independence d) Considering the various relationships between the Company and the external auditor impair the auditor's judgment or independence 	N/A	N/A	N/A

<p>e) The Head and staff of Internal Audit are not authorized to: Perform any operating duties for the company; Initiate or approve accounting transactions external to the internal audit department; direct the activities of any employee not employed by the internal audit except to the extent such employees have appropriately assigned to auditing teams or to otherwise assist the internal auditors</p> <p>f) Prohibiting the performance of services where the auditor:</p> <ul style="list-style-type: none"> -may be required to audit their own work -participate in activities that would normally be undertaken by management -are remunerated through a “success fee” structure , where success is dependent on the audit and -act in an advocacy role for the company 			
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(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company’s full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

Reynaldo P. Bantug - President and Chairman

H. ROLE OF STAKEHOLDERS

1) Disclose the company’s policy and activities relative to the following:

	Policy	Activities
Customers' welfare	The Company is dedicated to providing its customers with a pleasant and enjoyable experience within any of its subsidiaries’ outlets	Constant product development and physical /site/facility improvements are being considered and implemented
Supplier/contractor selection practice	Based on the lowest qualified bid, if applicable. Otherwise, based on the availability and lowest price after canvassing all available local and foreign suppliers/contractors.	Sealed canvass/bidding
Environmentally friendly value-chain	Create environmental awareness and concern	On 21 April 2013, the Company partnered with the Haribon Foundation for Earth Day 2013 - “Save Manila Bay”. The Company sponsored the artwork materials to be used by the kids for the various activities.

Community interaction	The Company aims to assist certain groups or promote certain causes by participating, donating or sponsoring corporate social responsibility activities.	See related discussions below
Anti-corruption programmes and procedures?	The Company has adopted an Anti-Fraud Policy Manual	Conducts regular audits through its Internal Audit team.
Safeguarding creditors' rights	The Company ensures that it timely and promptly settles all its obligations to creditors and suppliers.	The Company's Accounting Department ensures the timely release of checks and payments to all suppliers and creditors. Further, the Company has designated several signatories with separate signing authorities to avoid the situation when there are no available signatories to issue checks.

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

No. The Company has a Corporate Affairs Department which handles the corporate social responsibility activities of the Company.

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?

The Company promotes the need for all its employees to maintain a healthy and balanced lifestyle by encouraging their participation in Company-sponsored activities like fun-runs, family-days, etc.

(b) Show data relating to health, safety and welfare of its employees.

The Company has recently selected a number of employees to be trained in emergency care and first-aid by the Red Cross of the Philippines.

(c) State the company's training and development programmes for its employees. Show the data.

The Company is embarking on several programs for the benefit of its employees, including but not limited to, Personality Enhancement Programs, Leadership and Management Training Programs for its junior managers and officers.

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures N/A

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

The Company has a Personnel Grievance Committee who handles complaints and conducts investigations on employee related concerns. Once a complaint is lodged and received against an employee, both the complainant and the accused are given their opportunities to substantiate their complaints and to refute/answer the allegations. After all the evidence has been submitted, the Personnel Grievance Committee makes a recommendation to the Company's Human Resources Department as to the appropriate action to the complaint.

All employees with grievances are encouraged to file complaints or send their opinions to the Personnel Grievance Committee for appropriate action.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure (as of 31 March 2013)

(a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corporation	614,916,036	61.50%	
Zoraymee Holdings, Inc.*	111,267,658	11.13%	Same as registered owner
Grandshares, Inc.	100,000,000	10%	Same as registered owner
Alfredo Abelardo B. Benitez	68,319,999	6.83%	Same as registered owner

* Alfredo Abelardo B. Benitez, one of the major stockholders of the company, owns 93.90% of the outstanding capital stock of Zoraymee Holdings, Inc.

Name and address of Beneficial Owner	Amount and nature of beneficial ownership	Percent of Class
Willy N. Ocier	1,771,000 (direct) 860,000 (indirect)	0.27%
Wilson L. Sy	1,905,500 (direct)	0.19%
Eusebio H. Tanco	1 (direct) 6,400 (indirect)	nil
Jose Francisco B. Benitez	1,000 (direct) 49,500 (indirect)	nil
Clarita T. Zarraga	1 (direct) 5,500 (indirect)	nil
Ignatius F. Yenko	1,000 (direct)	nil

2) Does the Annual Report disclose the following:

Key risks	YES
Corporate objectives	YES
Financial performance indicators	YES
Non-financial performance indicators	YES
Dividend policy	YES
Details of whistle-blowing policy	NO
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	YES
Training and/or continuing education programme attended by each director/commissioner	NO
Number of board of directors/commissioners meetings held during the year	Reported in the Certification of Attendance

Attendance details of each director/commissioner in respect of meetings held	Reported in the Certification of Attendance
Details of remuneration of the CEO and each member of the board of directors/commissioners	YES

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

The Company is in the process of formulating and instituting new policies, systems and procedures relevant to whistle-blowing policies and to the training and/or continuing education program for its directors.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
KPMG Manabat & San Agustin Co., CPAs	P4,633,104.00	N/A

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

Written Memo's and correspondence, electronic mail messages, SMS, facsimile transmissions, disclosures and press releases/statements/conferences.

5) Date of release of audited financial report: 14 March 2013

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto. N/A

7) Disclosure of RPT

RPT	Relationship	Nature	Value

As properly disclosed in its audited financial statements for the period ended 31 December 2012, the Company's related party transactions for 2011 and 2012 involve payables to RPTs in the amount of P18,141,382.00 and receivables due from RPTs in the total amount of P72,052,956.00.

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

The Company engages independent third party advisors to help ensure RPTs are entered into at arm's length. Its independent directors participate in decisions involving RPTs.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum.

Majority of the outstanding capital stock, except if there are matters to be taken up which require a greater percentage, *i.e.* 2/3 for amendments of articles of incorporation/by-laws, declaration of stock dividends, etc.

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	Majority of outstanding capital stock
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Manual Counting
Description	<p>All issued and outstanding shares are common shares, with each share entitled to one vote. In respect of the Annual Meeting, all of the issued and outstanding shares have voting rights.</p> <p>All matters submitted for approval by the stockholders require the approval of the majority of the stockholders representing at least a majority of the issued and outstanding capital stock entitled to vote and constituting a quorum.</p> <p>Subject to the stockholders' right to cumulative voting in the election of the Directors and the guidelines on the election of Independent Directors set forth above, candidates receiving the highest number of votes shall be declared elected as members of the Board.</p> <p>Manual counting of votes shall be conducted by the corporate secretary. The election shall be done by ballots unless the stockholders adopt some other means of voting at the meeting. The corporate secretary shall be authorized to count the votes cast.</p>

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code. None.

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code

Dividends

Declaration Date	Record Date	Payment Date
Cash of P0.04 – 27 July 2012	28 September 2012	23 October 2012

Cash of P0.035 – 27 July 2012	28 February 2013	25 March 2013
Stock – 22 January 2013 (BOD) and 22 March 2013 (SH)	15 February 2013	Upon approval of the application for increase in authorized capital stock

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
Notice of meetings to stockholders	Notices of meetings are sent to the stockholders via ordinary mail
Proxy Instrument	Stockholders who may not be able to attend meetings in person but wish to participate through a proxy are advised to send a Proxy Instrument to the Corporate Secretary via ordinary mail or personal delivery prior to the meeting
Nomination of Directors	Stockholders who wish to nominate candidates for directors, including independent directors may submit their nominations to the Nomination Committee via ordinary mail or personal delivery

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
 - a. Amendments to the company's constitution
 - b. Authorization of additional shares
 - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

The stockholders are given notices of the holding of the meeting of the stockholders where matters requiring the approval of the stockholders will be discussed and approved.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? Yes.
 - a. Date of sending out notices: For the annual stockholders' meeting held on 27 July 2012 - 06 July 2012; For the special stockholders' meeting held on 22 March 2013 – 09 February 2013
 - b. Date of the Annual/Special Stockholders' Meeting: Last Friday of July of every year. 27 July 2012.

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

During the Annual Stockholders' Meeting on 27 July 2012, a stockholder inquired as to the status of the Belle Grande Integrated Hotel and Casino Project. The Chairman responded that while the Casino Project has encountered some delays, the Project is expected to finish and open in 2014.

During the Special Stockholders' Meeting on 22 March 2013, a stockholder inquired as to the specific timeline and fund requirements of the projects to which the proceeds of the issuance of the preferred shares shall be devoted to. The Chairman requested Mr. Augusto Antonio Serafica, Jr. of Asian Alliance Investment Corporation, the Company's financial adviser, to provide the timeline. The Chairman then explained the various projects to which the funds will be devoted to, particularly to cover for the Company's equity share/participation in the Belle Grande Integrated Hotel and Casino Project, for the operations and further renovation of the Midas Hotel and Casino, etc. A stockholder then asked if the preferred shares would also be offered to the general public. The Chairman replied in the affirmative and

continued that eventually, more preferred shares would be offered and these would be available for subscription by the investing public.

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
<p>Annual Stockholders' Meeting on 27 July 2012</p> <ol style="list-style-type: none"> 1. Approval of Minutes of Meeting of the previous stockholders meeting on 29 July 2011 2. Approval of 2011 annual report 3. Approval of 2011 audited financial statements 4. Ratification of acts of board of directors and management since 29 July 2011 5. Nomination and election of directors 6. Appointment of external auditor 	<p>Unanimous - 639,324,881 shares, or 63.94%</p>		
<p>Special Stockholders' Meeting on 22 March 2013</p> <ol style="list-style-type: none"> 1. Approval of the issuance and offer of 1.75 billion perpetual preferred shares and warrants equivalent to 87,500,000 common shares; 2. Approval of the amendment of the Articles of Incorporation reflecting the increase in authorized capital stock of the Corporation from ₱1.6 billion to ₱5 billion divided into 2.5 billion shares of common stock with par value of ₱1.00 per share and 2.5 billion shares of preferred stock with par value of ₱1.00 per share. The preferred shares may be issued in tranches or series and shall be non-voting, non-participating, entitled to preferential and cumulative dividends at the rate not exceeding 12% per annum, and shall have such other, rights, preferences, restrictions and qualifications consistent with law and these Articles of Incorporation, as may be fixed by the Board of Directors at their issuance; 3. Approval of the amendment of the By-Laws to reflecting the following changes: <ol style="list-style-type: none"> i. The Annual Meeting of the Stockholders shall still be held within the principal office of the Corporation in Metro Manila on the last Friday of July each year, unless a different date is fixed by the Board of Directors. The reference as to the time of the Annual Meeting, i.e. at the hour of 2:00 P.M. shall be deleted (Article II); and ii. Meetings of the Board of Directors may be held by 	<p>Unanimous - 744,419,469 shares, or 74.45%</p>		

teleconferencing or videoconferencing (Article III); 4. Approval of the listing of the perpetual preferred shares, warrants and underlying shares of the warrants; 5. Declaration of stock dividend equivalent to approximately 20% of the outstanding capital stock of the Corporation of 999,877,094 shares or equivalent to approximately 200,000,000 common shares; and 6. Delegation to the Board of Directors of the power to amend or repeal the By-Laws.			
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7. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

The results of the 2012 Annual Stockholders' Meeting and Special Stockholders Meeting were publicly reported through the filing by the Company with the Securities and Exchange Commission and the Philippine Stock Exchange of its SEC 17-C Report on 27 July 2012 and 22 March 2013, respectively.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification: None.

Modifications	Reason for Modification

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	10	27 July 2012	Poll	0.0%	60.69%	60.69%
Special	3	22 March 2013	Poll	0.37%	74.08%	74.45%

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?

Yes. The stock and transfer agent is appointed to inspect/count/validate votes.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares. Yes.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	Stockholders who cannot attend the meeting in person may designate their authorized representative by submitting a Proxy instrument in accordance with Sec. 58 of the Corporation Code. Validation of the proxies shall be held on at least seven (7) days prior to the date of the Annual Meeting at the office of the Corporation's transfer agent, Stock and Transfer Service, Inc., with address at Unit 34D Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.
Notary	
Submission of Proxy	
Several Proxies	
Validity of Proxy	
Proxies executed abroad	
Invalidated Proxy	
Validation of Proxy	
Violation of Proxy	

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
Written Notice	<p>Notice of meetings written or printed for every regular or special meeting of the stockholders shall be prepared and mailed to the registered port office address, whether within or outside the Philippines, of each stockholder not less than fourteen (14) days prior to the date set for such meeting, such notice stating the object or objects of the meeting.</p> <p>The Information Statement must be sent to stockholders at least twenty-one (21) business days prior to the date of the Annual Meeting.</p>

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	<p>For the annual stockholders' meeting held on 27 July 2012 - 1,880</p> <p>For special stockholders' meeting held on 22 March 2013 – 1,867</p>
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	<p>For the annual stockholders' meeting held on 27 July 2012 - 06 July 2012</p> <p>For the special stockholders' meeting held on 22 March 2013 – 09 February 2013</p>
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	<p>For the annual stockholders' meeting held on 27 July 2012 - 06 July 2012</p> <p>For the special stockholders' meeting held on 22 March 2013 – 09 February 2013</p>
State whether CD format or hard copies were distributed	Hard copies

If yes, indicate whether requesting stockholders were provided hard copies	N/A
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(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
The Company has no special set of rules on the treatment of minority shareholders. However, it adheres to the rights of minority shareholders provided under existing laws and regulations.	This is implemented in the conduct of the Company's stockholders' meetings and in its transactions.

(b) Do minority stockholders have a right to nominate candidates for board of directors?

All stockholders who wish to nominate candidates for directors, including independent directors may submit their nominations to the Nomination Committee via ordinary mail or personal delivery.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

Stockholders or Investors may access the PSE and SEC website for our annual financial reports and certain disclosures made by our officers and directors, structured reports, and charter/constitutive documents, etc.

Moreover, the Company's Investor Relations Officer, together with the Corporate Secretary, who is also the Compliance Officer organizes the gathering and dissemination of Company disclosures, information and news.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

Alfredo B. Reyes
Investor Relations Officer
Telephone: 637-5291
Email: freddy.reyes@gmail.com

Raul G. Gerodias
 Corporate Secretary and Compliance Officer
 Telephone: 633-9757
 Email: raulgerodias@gselawfirm.com

- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

The Company does not have any special rules and procedures in this regard. However, it will comply with applicable laws and regulations, *i.e* the Bulk Sales Law, etc., whenever it enters into any of the above transactions.

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

N/A

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
Sponsored Operation Smile for kids with cleft pallet together the Hope Foundation and the Betty Bantug Benitez Foundation – held quarterly since August 2012	Children from the 3 rd district of Negros Occidental
Gave relief goods to flood victims of Typhoon Sendong in 2011	Flood victims from Iligan City

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors		
Board Committees		
Individual Directors		
CEO/President		

Aside from those related provision already discussed above, the Company does not presently have a system in place to assess the annual performance of its directors, board committees and officers.

N. INTERNAL BREACHES AND SANCTIONS


Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

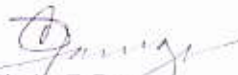
The Compliance Officer is responsible for determining, after notice and hearing, any violation or breach of the corporate governance manual, and for recommending to the Board of Directors the appropriate penalty or sanction, which can range from reprimand to removal from office.

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Pasig on this 28th day of ~~JUNE~~ JUNE 2013.

SIGNATURES


 Reynaldo P. Bantug
 Chairman of the Board/Chief Executive Officer


 Anthony L. Almeda
 Independent Director



 Clarita T. Zarraga
 Independent Director


 Raul G. Gerodias
 Compliance Officer

SUBSCRIBED AND SWORN to before me this 28th day of ~~JUNE~~ JUNE 2013, affiant(s) exhibiting to me competent evidences of their identities, as follows:

NAME/NO.	DATE OF ISSUE	PLACE OF ISSUE
Reynaldo P. Bantug/ 16545432 TIN No. 117 - 376 - 653	JANUARY 19, 2013	MAKATI CITY
Clarita T. Zarraga/ 10666625 TIN No. 123 - 512 - 151	FEBRUARY 8, 2013	QUEZON CITY
Anthony L. Almeda/ 14074738 TIN No. 142 - 474 - 436	JANUARY 7, 2013	VICTORIA, NEGROS OCCIDENTAL
Raul G. Gerodias/ 01729071 TIN No. 129 - 439 - 349	JANUARY 15, 2013	PASIG CITY

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 Series of 2013.


 VANESSA C. RAYMUNDO
 Notary Public for Pasig City
 Commission Expires 31 December 2014
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 APPT No. 8212115000000000 No. 56680
 PTR No. 8429611-1-1-10-13 Pasig City
 IBP No. 911178; 13234012, Makati City