SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A
ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1.	For the calendar year ended	:	**31 December 2013**
2.	SEC Identification Number	:	**AS092-000589**
3.	BIR Tax Identification Number	:	**001-817-292**
4.	Exact name of Registrant as specified in its charter	:	**Greenergy Holdings Incorporated**
5.	Province, Country or other Jurisdiction on incorporation or organization	:	**Philippines**
6.	Industrial Classification Code	:	(SEC Use Only)
7.	Address of Principal Office	:	**54 National Road, Dampol II-A Pulilan, Bulacan**
8.	Issuer's Telephone No. including area code	:	**(02) 661-6945, (02) 579-4490**
9.	Former name of the Company	:	**MUSX Corporation**

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding[1]
Common Shares	185,952,856,500/₱234,933.00

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

Yes [X] No [ ]

The Issuer has 45,243,478,240 shares listed at the PSE.

12. Check whether the registrant:

a. Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 there under or Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 there under and Sections 26 and 41 and 141 of The Corporation Code of the Philippines

[1] As of 31 December 2013.

during the preceding 12 months (or for such shorter period that the registrant was required to file such report.

Yes [X] No [ ]

b. has been subject to such filing requirement for the past 90 days

Yes [X] No [ ]

13. The aggregate market value of the voting stock held by non-affiliates of the registrant as of 31 March 2014 would have a current market price of ₱1,096,085,200.71.

14. The Corporation has not been involved in insolvency/suspension of payments during the immediate preceding five years.

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PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Description of the Business

Greenergy Holdings Incorporated (formerly MUSX Corporation, the "Company") is a publicly-listed holding company and was registered in 1992 with the Philippine Securities and Exchange Commission ("SEC") per Registration No. ASO92-000589.

In 15 December 2008, the SEC approved the amendment of the primary purpose of the Parent Company to a holding company. At present, the Parent Company continues to operate as a holding company.

As part of the preparation to venture into "green" businesses, the stockholders of the Company, during the annual stockholders' meeting held on 23 December 2010, approved, among others, the proposal to change the name of the Company from MUSX Corporation to its present name. On the same meeting, the stockholders likewise approved the divestment of the Company from non-"green" related businesses, *i.e.*, its 61% interest in Music Semiconductors Philippines, Inc., as well as in its following foreign subsidiaries, namely: MUSIC Semiconductors, Inc., Musem Electonic N.V. and Protelcon, Inc.

Recently, the stockholders approved the investment of the Company in other "green" businesses. Among the businesses being considered for acquisition or investment that would allow the Company to widen and diversify its investment portfolio are those in the area of agri-tourism, real estate development and technology.

Status of operations

2011

In 2011, the Company agreed to the establishment of a US$1.3 Billion joint venture project with Chinese firm, Tianjin Tianbao Investment and Development Corporation, to engage in wind energy projects amounting to US$ 200 Million, as priority, and other subsequent renewable energy projects such as, but not limited to, bio-mass, solar, hydro and geothermal energy.

2012

In 2012, the Company established certain subsidiaries to further mark its venture into the field of renewable energy. These subsidiaries are (a) Biomass Holdings, Inc. ("BHI"); (b) Winsun Green Ventures Inc. ("WGVI"); (c) Total Waste Management Recovery System, Inc. ("TWMRSI") and (d) Isabela Alcogas Corporation ("IAC").

a. BHI

In October 2012, the Company and ThomasLloyd Cleantech Infrastructure Fund GmbH ("Cleantech", formerly Cleantech Projektgesellschaft mbH), a German fund managed by the ThomasLloyd Global Asset Management (Switzerland) AG of Zurich, incorporated BHI as their joint venture vehicle for the investment in the biomass power plant of San Carlos BioPower, Inc. in Negros Occidental. The Company owns 60% of the outstanding common stock of BHI, while Cleantech owns the remaining 40%.

In November 2012, BHI entered into an Investment Agreement with San Carlos BioPower, Inc. ("SCBPI") for the acquisition of a sixty-four percent (64%) equity interest in the latter for a total consideration of P667.53 Million (the "Total Investment Price").

On 6 March 2013, BHI released the Total Investment Price to SCBPI. The release of the Total Investment Price completes the equity investment required by SCBPI and thus enabled the latter to commence the construction of a 19-megawatt bagasse-fired power generation plant in San Carlos City, Negros Occidental (the "SCB Project").

The SCB Project was issued its Certificate of Registration by the Board of Investments on 21 December 2012 and, on 13 February 2013, was found by the Department of Energy to have satisfactorily met the documentary requirements to avail of the Feed-in-Tariff ("FIT") rates when it begins commercial operations in early 2015 as part of the first 250MW of installed biomass power capacity.

Under the FIT system, electric power industry participants are mandated to source electricity from renewable energy generation at a guaranteed fixed price. The guidelines governig the FIT system are as follows:

(i) Priority connections to the grid for electricity generated from emerging renewable energy resources such as wind, solar, ocean, run-of-river, hydropower and biomass power plants within the territory of the Philippines;

(ii) The priority purchase, transmission of, and payment for such electricty by the grid system operators;

(iii) Determination of the fixed tariff to be paid for electricity produced for each type of renewable energy resources and the mandated number of years for the application of such tariff, which shall in no case be less than twelve (12) years;

(iv) Application of the FIT to the emerging renewable energy resources to be used in compliance with the Renewable Portfolio Standards ("RPS"). Only electricity generated form wind, solar, ocean, run-of-river, hydropower and biomass power plants covered under the RPS shall enjoy the FIT; and

(v) Other rules and mechanisms that are deemed appropriate and necessary by the Energy Regulatory Commission, in consultation with the National Renewable Energy Board, for the full implementation of the FIT system.

b. <u>WGVI</u>

WGVI, a wholly-owned subsidiary of the Company, was incorporated on 22 June 2012. Its primary purpose, as stated in its Articles of Incorporation is "(t)o develop and invest in energy projects including but not limited to, the exploration, development and utilization of Renewable Energy (RE) resources, importation, exportation and actual operations of RE systems and facilities within or without the Philippines and to promote, offer, negotiate, conclude, execute, sell, engage in and/or render management, investment, technical consultancy services for commercial, industrial, manufacturing and other kinds of enterprises, including but not limited to power generating plants, whether locally or abroad."

In 2012, WGVI commenced negotiations and studies on various wind energy projects that it may commence and acquire.

c. TWMRSI

The Company holds fifty-one percent (51%) of the total issued and outstanding capital stock of TWMRSI.

TWMRSI operates a zero waste system that allows the recovery of biodegredable materials in sludge form, organic fertilizer, clean plastic materials, high-density nonbiodegradable materials without leacheate. The patented system used by TWMRSI is compliant with the Clean Air Act considering that it is a "no burn" system. Moreover, the waste management system of TWMRSI will not involve any landfill.

In 2012, the Company completed its investment in the waste recycling and management facilities of TWMRSI. Through this facility, the Company is now equipped to explore the business opportunities in the field of waste recycling and management systems, given the garbage problems in Metro Manila and neighboring localities.

d. IAC

The Company holds fifty-percent (50%) of the total issued and outstanding capital stock of IAC.

Thru IAC, the Company is in the process of developing a 20-megawatt biomass power plant in Ozamis, Misamis, with the electricity produced therein to be purchased by an electric cooperative (as opposed to the FIT revenue model for the San Carlos Biomass Power Plant).

2013

On 2 October 2013, the Company entered into a Subscription Agreement with Sunchamp Real Estate Development Corp. ("Sunchamp") wherein the Company subscribed for fifty-five (55) million new shares representing twenty (20%) of the total issued and outstanding capital stock of Sunchamp.

Sunchamp is a real estate company that focuses on the development of self-sustaining agri-tourism areas. It currently has real and enforceable rights over approximately 145 hectares of land in Rosario, Batangas.

On 22 November 2013, the Company entered into a Subscription Agreement with the Agricultural Bank of the Philippines, Inc. ("Agri-Bank", formerly Central Equity Rural Bank) wherein the Company subscribed for forty (40) million new shares representing 26.67% of the total issued and outstanding capital stock of Agri-Bank after the latter's pending increase in authorized capital stock from ₱100 million to ₱500 million. Said subscription is subject to the approval of the Securities and Exchange Commission and the Bangko Sentral ng Pilipinas.

Agri-Bank was granted a rural banking authority on 28 February 1997 to enable the institution to provide financial services catering to farmers, farm owners and tenants, agribusiness entrepreneurs, bankable countryside enterprises and all other businesses that can be legally transacted under the Rural Banks Act of 1992, as amended. Agribank was established with the intent of catering to business and household customers in the countryside to promote food sufficiency and contribute to increasing income, employment and production in the agricultural sector and the Philippine economy as a whole. In line with this mission, Agribank's products and services are currently geared towards providing credit finance to the farm sector under the government's Agri-Agra Lending Program, granting loans for Farm Equipment and Land Acquisition, extending credit facilities for agri-producers and farmers, micro-businesses (including barangay micro enterprises), providing housing, transport facilities such as motorcycles and small business loans to eligible borrowers in rural areas. In the pursuit of its mission, Agribank has established backward and forward financing linkages with other sectors related to agricultural including domestic trading and distribution, domestic manufacturing (canning and tetra packaging), processing and export of fresh and processed agricultural products.

Potential Risks Involved

The Industry

The Company, through its subsidiaries, associates, investments or acquisitions, will engage in the fields of renewable energy businesses and waste management systems, among others. Both fields are capital intensive and subject to high standards of government regulations. As expected, the Company may experience a lull in operations or negative operating results prior to take-off until stabilization of operations given the capital requirements, regulatory compliance and other economic conditions and factors.

Dependence on Key Personnel

The Company's success depends to a significant extent upon the continued service of its executive and other key management and technical personnel. These people are currently challenged by the Company's market, business and product development strategies. The Company believes that keeping a manageable number of competent personnel is one of the keys to successful business.

Dependence on Future Capital Needs

The renewable energy business and waste management systems will require a considerable amount of capital requirements. While the timing and initial amount of funding requirements can be determined at the outset, future requirements in relation to expansion will depend on a number of factors, including demand for the Company's facilities, product mix and competitive factors. Further, there can be no assurances that such additional funding will be available when needed, or if available, will be on satisfactory terms. To remain competitive, the Company must also invest in research and development.

Procedures in Place to Identify, Assess, and Manage these Risks

- The risk assessment is based on "what if" analysis, judged against the method used to include the particular item in the projection. The analysis could support the projection or require it to be modified.

Risks that are manageable, *i.e.*, within the scope of control by the Company, must be managed as a natural course of running the business. When taking decisions, management considers first the effect of those risks that are in any way related to the decision.

CORPORATE MATTERS

Government Approval

There is no need for government approval on the primary activities of the Company, being essentially a holding company. Any necessary approval from government agencies, including from the Department of Energy and specific local government units, would have to be obtained by its subsidiaries, associates, or other entities acquired by or invested in by the Company, engaged in renewable energy and waste management systems, among others.

Government Regulations

The existing government regulations on renewable energy companies may affect the general direction of the Company in terms of the type of business opportunities to explore. As a holding company, however, the Company is not aware of any probable governmental regulations which will have an effect on the primary business of the Company.

Environmental Laws

The Company and its subsidiaries are compliant and will endeavor to continue to strictly comply with environmental laws.

EMPLOYEES

The Company employs currently employs two (2) employees. No labor union exists within the Company and no collective bargaining agreement ("CBA") has been entered into. The employees have never been on strike, nor are threatening to strike. The Company anticipates the number of employees to increase to five (5) within the ensuing twelve (12) months without any supplemental benefits or incentive arrangements. With a lean workforce, the Company expects to save on administrative costs.

Item 2. Properties

The Company does not own any real estate property.

Item 3. Legal Proceedings

None.

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

The 2013 Annual Stockholders' Meeting of the Company took place on 15 November 2013. In attendance in said meeting were the following:

Total issued and outstanding shares	185,952,856,500
Total no. of shares represented in the meeting	130,080,194,080 or 69.95% of the total issued and outstanding shares

The following matters which were on the agenda, were approved/ratified by the stockholders present or represented in the said stockholders' meeting:

1. Minutes of the Annual Meeting of Stockholders held last 11 December 2012;

2. Annual Report and Financial Statements for the year ended 31 December 2012;

3. Amendment of the Seventh Article of the Articles of Incorporation for the purpose of:

   i. creating 1 Billion voting and participating preferred shares (as to assets) with a par value of Php0.10 per share from the authorized capital stock; and

   ii. increasing the par value of all the remaining unissued and issued common shares from Php0.01 per share to Php1.00 per share;

   which shall result in the Company having an authorized capital stock of Php2 Billion divided into 1.9 Billion common shares with a par value of Php1.00 per share and 1 Billion preferred shares with a par value of Php0.10 per share;

4. Amendment of the Sixth Article of the Article of Incorporation in order to increase the number of directors to 11 directors with 2 independent directors from 9 directors with 2 independent directors;

5. Amendment of the By-Laws for the purpose of separating the positions of President and Chief Executive Officer;

6. Amendment of the Manual on Corporate Governance in order to increase the number of directors to 11 directors with 2 independent directors from 9 directors with 2 independent directors;

7. Reclassification of the Php62.5 Million worth of common shares of the 25 Billion common shares of Earthright Holdings, Inc. into 625 Million fully paid preferred shares, and giving all holders of common shares as of 27 June 2013 the same right to reclassify their common shares into preferred shares in such amounts and proportion between Earthright and all other stockholders that can be accommodated by the number of preferred shares created; provided that, stockholders must provide the Company with written notice to reclassify on or before the annual stockholders' meeting previously scheduled on 16 August 2013; provided further, that, any reclassification shall not result in the foreign ownership level of all outstanding common shares and preferred shares exceeding forty percent (40%);

8. Approval of the issuance and listing of 17.6 Billion common shares issued to Sunchamp, in compliance with the PSE Revised Listing Rules;

9. Waiver by the minority stockholders of the right to conduct a public offering in relation to the 17.6 Billion common shares issued to Sunchamp, in compliance with the PSE Revised Listing Rules;

10. Issuance and listing of warrants in favour of officers and directors under such terms and conditions to be determined by the Board of Directors;

11. Authority to acquire primary or secondary shares and/or invest in companies under the AgriNurture Group of Companies and consolidate the Company's shareholdings in the AgriNurture Group of Companies;

12. Authorization to enter into loan transactions, credit accommodations or other types of credit facilities, surety/guaranty transactions in the aggregate amount of Five Billion Pesos (Php5,000,000,000.00), and renewals, extensions, re-availments, restructurings and amendments thereof with various banks, trust entities, quasi-banks, financial institutions, entities, corporations or individuals, as well as to enter into any other transactions or agreements in the implementation of the foregoing, under such terms and conditions as may be determined by the Board of Directors;

13. Delegation of the appointment of External Auditor for the year 2013 to the Board of Directors upon recommendation of the Audit and Compliance Committee; and

14. Ratification of all acts, resolutions and decisions of the incumbent Board of Directors and Management for 2012.

At the same meeting, the following were elected Directors of the Company:

1. George Y. Uy
2. Antonio L. Tiu
3. Helen O. Tong
4. Martin C. Subido
5. Manuel Q. Bengson
6. Alfred E. Tong
7. Yuan-Ming Zheng
8. Leonor M. Briones (Independent Director)
9. Benjamin P. Lim (Independent Director)

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholders Matters

Securities

As of 31 March 2014, the Company has an authorized capital stock of ₱2,000,000,000.00 divided into 200,000,000,000 common shares with a par value of ₱0.01 each, of which 186,327,856,500 shares were issued and outstanding, and of which 45,243,478,240 shares are listed and traded at the PSE.

Except for those exempt from registration requirements, no sales of unregistered securities were made in the past three (3) years.

No debt securities are registered or contemplated to be registered.

No securities subject to redemption or call exists or are planned to be issued.

On 19 October 2011, the stockholders approved to issue 100 Billion warrants relating to 100 Billion common shares at a strike price of P0.01 per share with a term of five years, under such terms and conditions as may be determined by the Board of Directors and as may be warranted and allowed under existing laws, rules and regulations.

On 14 April 2012, the Board of Directors approved the issuance of 7.5 Billion warrants to the Chairman, George Uy at the issue price of P0.001 per warrant under such terms and conditions as may be agreed upon and in accordance with the rules and regulations of the Securities and Exchange Commission and Philippine Stock Exchange.

On 15 August 2012, the Company issued stock warrants (American call option) in favor of Cleantech that would allow the latter to subscribe to 10,489,500,000 primary shares of the Company at a strike price of ₱0.02 within one (1) year from issuance of the warrant and an additional 10,489,500,000 primary shares for ₱0.03 within three (3) years from the warrant's issuance. As of the date of this report, Cleantech has not exercised any of said warrants.

Market Information

As of 15 April 2014, the shares of the Company are being traded at the PSE at the average trading price of ₱0.010 per share.

The following is a summary of the trading prices at the PSE for each of the quarterly periods for 2013, 2012 and 2011:

	2013**		2012**		2011	
Quarter	Low	High	Low	High	Low	High
1st	0.019	0.020	0.018	0.02	*0.070	*0.072
2nd	0.016	0.017	0.018	0.02	*0.071	*0.072
3rd	0.014	0.015	0.018	0.02	0.011	0.011
4th	0.012	0.013	0.018	0.02	0.011	0.012

**At par value of P0.10 per share*
*** At par value of P0.01 per share*

Holders

Based on the records of the Company's stock transfer agent, RGFS Registry and Agency Services, Inc. (the "Stock Transfer Agent"), the Company has 1,026 common stockholders of record as of 31 December 2013. The Company issues only common shares. The top twenty (20) shareholders as of 31 December 2013 reported by the Stock Transfer Agent are as follows:

Stockholder's Name	No. of Shares	% of Ownership
PCD Nominee Corp. (Filipino)	34,461,997,369	18.53265285%
Earthright Holdings, Inc.	25,000,000,000	13.44426779%
ThomasLloyd Cleantech Infrastucture Fund GmbH	20,776,856,000	11.17318464%
Sunchamp Real Estate and Development Corporation	17,600,000,000	9.46476453%
Three Star Capital Limited (BVI)	11,000,000,000	5.91547783%
PCD Nominee Corp. (Non-Filipino)	10,345,615,790	5.56356917%
PPAR Management & Holdings Corporation	5,800,000,000	3.11907013%
Southern Field Limited (BVI)	5,500,000,000	2.95773891%
Jerry G. Yu	5,200,000,000	2.79640770%
Ann Loraine B. Tiu	5,150,000,000	2.76951917%
Mark Kenrich Duca	5,000,000,000	2.68885356%
A.R.C. Estate & Project Corp.	5,000,000,000	2.68885356%
Hung Kamtin	4,000,000,000	2.15108285%
Paul Vincent Lee	3,600,000,000	1.93597456%
James L. Tiu	3,000,000,000	1.61331214%
Jaime L. Tiu	3,000,000,000	1.61331214%
Prestejenchrisdan (PSJCD) Inc.	3,000,000,000	1.61331214%
Jose Marie E. Fabella	3,000,000,000	1.61331214%
Sure Anthony T. Ching	3,000,000,000	1.61331214%
Leonardo S. Gayao	2,800,000,000	1.50575799%
Total	176,234,469,159	94.77373594%

The public float of the Company as of 31 March 2014 is 59.31%.

Background of Major Shareholders (shareholders owning at least 10% of the total outstanding capital)

1. *PCD Nominee Corporation*

PCD Nominee Corporation (PC) is a wholly owned subsidiary of the Philippine Central Depository, Inc. (PCD), a corporation established to improve operations in securities transactions and to provide a fast, safe and highly efficient system for securities settlement in the Philippines. PCNC acts as trustee-nominee for all shares lodged in the PCD system, where trades effected on the Philippine Stock Exchange are finally settled with the PCD.

PCD, now known as Philippine Depository and Trust Corporation, is a private institution established in March 1995 to improve operations in securities transactions. Regulated by the Securities and Exchange Commission (SEC), PCD is owned by major capital market players in the Philippines, namely: the Philippine Stock Exchange, Bankers Association of the Philippines, Financial Executives Institute of the Philippines, Development Bank of the Philippines, Investment House Association of the Philippines, Social Security System and Citibank N.A.

All PSE-member brokers are Participants of PCD. Other Participants include custodian banks, institutional investors and other corporations or institutions that are active players in the Philippine equities market.

2. *Earthright Holdings, Inc.*

Earthright Holdings, Inc. ("EHI") is a domestic company incorporated on 14 November 2011 with the purpose of acquiring, holding, selling, exchanging, dealing and investing in the shares of stock, bonds or any kind of securities of any government or any subdivision thereof or any public or private corporation in the Philippines and abroad, and in real or personal property of any kind in the Philippines and abroad in the same manner and to the same extent as a natural person might, could or would do, to exercise all rights, powers and privileges or ownership, including the right to vote therein, or consent in respect thereof, for any and all purposes without managing securities portfolio or similar securities or acting as broker of securities.

3. *ThomasLloyd Cleantech Infrastucture Fund GmbH*

ThomasLloyd Cleantech Infrastructure Fund GmbH ("Cleantech", formerly Cleantech Projektgesellschaft mbH), was established in 2011 and duly organized under the laws of Germany with registered address at Hanauer Landstraße 291B, 60314 Frankfurt a. M., Deutschland (Germany). It was established to launch a platform of retail and high net worth investor funds, specifically to invest in clean technologies and renewable energy. The company is owned by ThomasLloyd Holdings Ltd. and its sole director is T.U. Michael Sieg. To date, the fund has invested in a US-based hybrid car designer and manufacturer, as well as a series of biomass projects in the Philippines.

Dividends

No dividends were distributed in 2011, 2012 and 2013. Except for the required presence of unrestricted retained earnings, there are no restrictions that limit the Company's ability to pay dividends on common equity or that are likely to do so in the future.

Exempt Transactions

Date of Sale	Title of Securities Sold	No. of Securities sold	Underwriters and Other Purchasers	Consideration and Issue Price	Exemption from Registration Claimed
Notice of Exempt Transaction dated 8 October 2013					
8 October 2013	Common Shares	13,000,000,000	**i. Sure Anthony Ching-** 3,000,000,000 common shares **ii. ARC Estate & Project Corp.-** 5,000,000,000 common shares **iii. Three Star Capital Limited (BVI)-** 5,000,000 common shares	₱0.01 per share or an aggregate value of ₱130,000,000.	SRC 10.1(k) The sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve-month period.
Notice of Exempt Transaction dated January 29, 2013					
23 January and 31 October 2012	Common Shares	33,700,000,000	**i. Prestejenchrisdan (PSJCD) Inc.** 3,000,000,000 common shares **ii. Jerry G. Yu -** 5,200,000,000 common shares **iii. Paul Vincent Lee** - 3,600,000,000 common shares **iv. BG Zenith Inc. -** 1,250,000,000 common shares **v. Cai, Jian-Cheng -** 2,000,000,000 common shares **vi. Marc Kenrich** Duca - 5,000,000,000 common shares **vii. Mark Kenneth Duca** - 2,500,000,000 common shares **viii. Ann Loraine Buencamino -** 2,150,000,000 common shares	₱0.01 per share or an aggregate value of ₱337,000,000.00	SRC 10.1(k) The sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve-month period.

			ix. Southern Field Ltd. - 3,000,000,000 common shares **x. Three Star Capital Limited** - 6,000,000,000 common shares		
Notice of Exempt Transaction dated October 15, 2012					
5 October 2012	Warrants	Not applicable.	ThomasLloyd Cleantech Infrastructure Fund GmbH (formerly, Cleantech Projektgesellschaft mbH)	The warrants cover 10,489,500,000 common shares with an exercise price of ₱0.020 per share exercisable within 1 year from 5 October 2012 and (ii)10,489,500,00 common shares with an exercise price of ₱0.030 per share exercisable within 3 years from 5 October 2012	SRC 10.1(k) The sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve-month period.
5 October 2012	Common shares	20,776,856,000	ThomasLloyd Cleantech Infrastructure Fund GmbH (formerly, Cleantech Projektgesellschaft mbH)	₱0.02 per share or an aggregate value of ₱415,537,130	SRC 10.1(k) The sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve-month period.
Notice of Exempt Transaction dated October 10, 2012					
15 July 2012	Common shares	2,5000,000,000	Southern Field Limited	₱0.01 per share or aggregate value of ₱25,000,000.00	SRC 10.1(k) The sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve-month period.
Notice of Exempt Transaction dated September 16, 2011					
Issuance of a total of 5,500,000,000 common shares at P0.01 par value per share or at aggregate value of P55,000,000.00 approved during the meeting of The Board of Directors on September 9,2011, Metro	Common shares	5,500,000,000	i. **Philip L. Ong** - 2,000,000,000 common shares ii. **Grand Design International Limited** – 2,500,000,000 common shares iii. **Jerry Go Yu** – 1,000,000,000 common shares	₱0.01 per share or aggregate value of ₱55,000,000.00	SRC 10.1(k) The sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve-month period.

Manila					
June 22, 2011 – Approval by the SEC of the increase in authorized capital stock from ₱500M to ₱1Billion	Common shares	12,450,000,000	i. **Johnyee Campsite Corp.** – 300,000,000 common shares ii. **Allan U. Porras**– 300,000,000 common shares iii. **Ma. Aileen P. Sy**– 300,000,000 common shares iv. **Guilin Shi (a.k.a. Sy Kui Lam; a.k.a. Benito Sy)** – 300,000,000 common shares v. **Southern Field Limited (BVI)**– 5,000,000,000 common shares vi. **Lee, Ya Chuan** – 300,000,000 common shares vii. **Lee, Pei Fen (a.k.a. Li, Pei Feng)** – 450,000,000 viii. **Maria Lorena S. Florendo** – 2,500,000,000 ix. **Jaime L. Tiu** – 3,000,000,000 common shares	₱0.01 per share or an aggregate value of ₱124,500,000.00	Section 10.1(i) – Subscription for shares of the capital stock of the corporation pursuant to the increase in its authorized capital stock under the Corporation Code Section 10.1 (b) By or for the account of a pledge holder, or mortgagee or another similar lienholder selling or offering sale or delivery in the ordinary course of business and not for the purpose of avoiding the provisions of this Code, to liquidate a *bona fide* debt,a security pledged in good faith as security for such debt.
Notice of Exempt Transaction dated July 26, 2011					
June 22, 2011 -Approval by the SEC of the increase in authorized capital stock from P500M to P1Billion	Common shares	1,426,000,500	Michael Burton	₱0.01 per share or an aggregate value of ₱14,260,005.00	Section 10.1(i) - Subscription for shares of the capital stock of the corporation pursuant to an increase in its authorized capital stock under the Corporation Code Section 10.1 (b) – By or for the account of a pledge

					holder, or mortgagee or any other similar lien holder selling or offering sale or delivery in the ordinary course of business and not for the purpose of avoiding the provisions of this Code, to liquidate a *bona fide* debt, a security pledged in good faith as security for such debt.

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

The Company's revenues for 2013 amounted to ₱1.26 million, a decrease from the revenue generated in 2012 which totaled ₱7.83 million. The share in income(loss) of an associate decreased from ₱5.49 million in 2012 to -₱0.68 million in 2013 as a result of the recognition of share in loss of associate company reclassified from a subsidiary company .

In 2013, the Company's Gross Loss is at ₱13.29 million equivalent to -1,054% of revenues. In 2012 Company's Gross Loss is at ₱34.82 million or -444.78% of revenues. The Company estimates that its Gross Profit Margins will improve in 2014 when returns on Company's investments become visible.

Administrative expenses in 2013 totaled ₱6.84 million a decrease by 196.30% compared to that in 2012 which amounted to ₱20.26 million. In 2013, the Company's other operating expenses decreased to ₱7.04 million compared to the other operating expenses in 2012 which was ₱22.38 million. In 2011, it was greatly affected by the impairment losses as a result of the divestment of it subsidiaries as it expects further decline in demand for semiconductor products. New business opportunities are being explored by the Company including those in the field of renewable energy. The Other Expenses are due largely to the impairment loss from prepayments and other assets.

As a result of the above, the Company had a Consolidated Operating Loss in 2013 of ₱13.29 million.

Other Income and Expense for 2013 came from the finance income amounting to ₱1.26 million, net change in the fair value of AFS investment and net exchange differences from translation to presentation currency amounting to the net loss of ₱48.43 million resulting in an increase in the Company's total comprehensive loss for the year to ₱61.72 million.

BALANCE SHEET TRENDS

Cash on hand and in banks decreased to ₱1.02 million as of December 31, 2013 from ₱472.62 million of 31 December 2012 and P0.60 million of 31 December 2011.

Net Receivables increased to ₱60.24 as of 31 December 2013 from ₱1.08 million as of December 31, 2012 and ₱0.19 million as of 31 December 2011. The increase in net receivables between 2013 and 2012 is largely due to the increase in advances to officers and employees. In 2011, the decrease was brought about by the divestment of subsidiary wherein balance from collectibles of normal trading of goods sold during the year are reflected at the end of the accounting period.

Inventories were no longer maintained as of the end of 2013, 2012 and 2011 since they were with the divested subsidiaries in a manufacturing and trading concern.

Available-for-sale investment was disposed of in 2011 and thus, no longer maintained. In 2012, new investments were made in the amount of ₱78.14 million and increased to ₱97.93 million in 2013.

Intangible assets were not carried as at the end of 2011 since they were with the divested subsidiaries and thus, no longer maintained in 2013 and 2012.

In 2013, advances to related party amounted to ₱341.12 million, 21.15% higher than that in 2012 which amounted to ₱267.93 million. Future subscription accounts amounted to nil which is lower than that in 2012 which amounted to ₱200.0 million. Investment in associate account in 2013 amounted to ₱147.64 million, 36.79% higher than that in 2012 which amounted to ₱93.32 million.

The 2010 intangible assets of Php187.3 million and deferred tax assets of Php62.5 million were eliminated in 2011 as a consequence of the divestment of subsidiaries and impairment assessment, respectively.

Total Current Liabilities increased to ₱42.41 million in 2013 from ₱9.93 million in 2012 and ₱2.0 million in 2011. The increase in 2013 is a result of advances from related party account paying for some expenses related to projects. The increase in total current liabilities in 2012 is due primarily to the eliminated ₱48.4 million in Trade and Other Payables attributable to divested subsidiaries in 2011.

Non-current liability in 2012 which pertains to Long Term Loans balance in the acquisition of transport equipment purchased through bank financing was reduced to nil.

Share capital increased to ₱1,324.28 billion in 2013 from ₱1,100.28 billion in 2012 and ₱522.01 million in 2011.The increase is mainly due to the issuance of new shares from authorized capital stock.

Discussion and analysis of material events and/or uncertainties known to Management

Given the above and the report under Item 7 hereof, there are no other:

1. Known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way;

2. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;

3. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period;

4. Material commitments for capital expenditures;

5. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations;

6. Significant elements of income or loss that did not arise from the registrant's continuing operations; and

7. Seasonal aspects that had a material effect on the financial condition or results of operations.

The causes for the material changes are included in the discussion under Item 6 (Management's Discussion and Analysis or Plan of Operation and Balance Sheet Trends) above.

Key Performance Indicators

The top five (5) key performance indicators are shown below for the years 2012 and 2013:

	2013	2012
Current ratio	25.33:1	95:15:1
Debt to equity ratio	0.03:1	0.007:1
Bank debt to equity ratio	0.00016:1	0.0007:1.
Loss per share	(0.000082)	(0.000330)
Return on Equity	(0.009:1)	(0.026:1)

The above indicators, taken together, indicate the health and dynamics of the business.

Definition of 'Liquidity Ratios'

A class of financial metrics that is used to determine a company's ability to pay off its short-terms debts obligations. Generally, the higher the value of the ratio, the larger the margin of safety that the company possesses to cover short-term debts.

Common liquidity ratios include the current ratio, the quick ratio and the operating cash flow ratio. Different analysts consider different assets to be relevant in calculating liquidity. Some analysts will calculate only the sum of cash and equivalents divided by current liabilities because they feel that they are the most liquid assets, and would be the most likely to be used to cover short-term debts in an emergency.

A company's ability to turn short-term assets into cash to cover debts is of the utmost importance when creditors are seeking payment. Bankruptcy analysts and mortgage originators frequently use the liquidity ratios to determine whether a company will be able to continue as a going concern.

Definition of 'Solvency Ratio'

One of many ratios used to measure a company's ability to meet long-term obligations. The solvency ratio measures the size of a company's after-tax income, excluding non-cash depreciation expenses, as compared to the firm's total debt obligations. It provides a measurement of how likely a company will be to continue meeting its debt obligations.

The measure is usually calculated as follows:

$$\text{Solvency Ratio} = \frac{\text{After Tax Net Profit} + \text{Depreciation}}{\text{Long Term Liabilities} + \text{Short Term Liabilities}}$$

Definition of 'Debt/Equity Ratio'

A measure of a company's financial leverage calculated by dividing its total liabilities by stockholders' equity. It indicates what proportion of equity and debt the company is using to finance its assets.

$$= \frac{\text{Total Liabilities}}{\text{Shareholders Equity}}$$

Note: Sometimes only interest-bearing, long-term debt is used instead of total liabilities in the calculation.

Also known as the Personal Debt/Equity Ratio, this ratio can be applied to personal financial statements as well as corporate ones.

A high debt/equity ratio generally means that a company has been aggressive in financing its growth with debt. This can result in volatile earnings as a result of the additional interest expense.

If a lot of debt is used to finance increased operations (high debt to equity), the company could potentially generate more earnings than it would have without this outside financing. If this were to increase earnings by a greater amount than the debt cost (interest), then the shareholders benefit as more earnings are being spread among the same amount of shareholders. However, the cost of this debt financing may outweigh the return that the company generates on the debt through investment and business activities and become too much for the company to handle. This can lead to bankruptcy, which would leave shareholders with nothing.

The debt/equity ratio also depends on the industry in which the company operates. For example, capital-intensive industries such as auto manufacturing tend to have a debt/equity ratio above 2, while personal computer companies have a debt/equity of under 0.5.

Definition of 'Interest Coverage Ratio'

A ratio used to determine how easily a company can pay interest on outstanding debt. The interest coverage ratio is calculated by dividing a company's earnings before interest and taxes (EBIT) of one period by the company's interest expenses of the same period:

$$\text{Interest Coverage Ratio} = \frac{\text{EBIT}}{\text{Interest Expense}}$$

The lower the ratio, the more the company is burdened by debt expense. When a company's interest coverage ratio is 1.5 or lower, its ability to meet interest expenses may be questionable. An interest coverage ratio below 1 indicates the company is not generating sufficient revenues to satisfy interest expenses.

Definition of 'Return On Equity - ROE'

The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. ROE is expressed as a percentage and calculated as:

Return on Equity = Net Income/Shareholder's Equity

Net income is for the full fiscal year (before dividends paid to common stock holders but after dividends to preferred stock.) Shareholder's equity does not include preferred shares.

Also known as "return on net worth" ("RONW").

The ROE is useful for comparing the profitability of a company to that of other firms in the same industry.

There are several variations on the formula that investors may use:

1. Investors wishing to see the return on common equity may modify the formula above by subtracting preferred dividends from net income and subtracting preferred equity from shareholders' equity, giving the following: return on common equity (ROCE) = net income - preferred dividends / common equity.

2. Return on equity may also be calculated by dividing net income by *average* shareholders' equity. Average shareholders' equity is calculated by adding the shareholders' equity at the beginning of a period to the shareholders' equity at period's end and dividing the result by two.

3. Investors may also calculate the change in ROE for a period by first using the shareholders' equity figure from the beginning of a period as a denominator to determine the beginning ROE. Then, the end-of-period shareholders' equity can be used as the denominator to determine the ending ROE. Calculating both beginning and ending ROEs allows an investor to determine the change in profitability over the period.

Definition of 'Gross Margin'

A company's total sales revenue minus its cost of goods sold, divided by the total sales revenue, expressed as a percentage. The gross margin represents the percent of total sales revenue that the company retains after incurring the direct costs associated with producing the goods and services sold by a company. The higher the percentage, the more the company retains on each dollar of sales to service its other costs and obligations.

$$\text{Gross Margin (\%)} = \frac{\text{Revenue - Cost of Goods Sold}}{\text{Revenue}}$$

This number represents the proportion of each dollar of revenue that the company retains as gross profit. For example, if a company's gross margin for the most recent quarter was 35%, it would retain $0.35 from each dollar of revenue generated, to be put towards paying off selling, general and administrative expenses, interest expenses and distributions to shareholders. The levels of gross margin can vary drastically from one industry to another depending on the business. For example, software companies will generally have a much higher gross margin than a manufacturing firm.

Definition of 'Net Margin'

The ratio of net profits to revenues for a company or business segment - typically expressed as a percentage – that shows how much of each dollar earned by the company is translated into profits. Net margins can generally be calculated as:

$$\text{Net Margins} = \frac{\text{Net Profit}}{\text{Revenue}}$$

, where Net Profit = Revenue - COGS - Operating Expenses - Interest and Taxes

Net margins will vary from company to company, and certain ranges can be expected from industry to industry, as similar business constraints exist in each distinct industry. A company like Wal-Mart has made fortunes for its shareholders while operating on net margins less than 5% annually, while at the other end of the spectrum some technology companies can run on net margins of 15-20% or greater.

Most publicly traded companies will report their net margins both quarterly (during earnings releases) and in their annual reports. Companies that are able to expand their net margins over time will generally be rewarded with share price growth, as it leads directly to higher levels of profitability.

Audit and Audit-Related Fees – 2013 and 2012

The audit fees for the services rendered by the Company's external auditor, Reyes Tacandong and Co. for its services, in connection with the statutory and regulatory filings of the Company's financial statements for calendar year 2013 amounted to ₱150,000.00. For the year 2012, the audit fees of the former external auditor of the Company, amounted to P150,000.00.

Tax Fees

The fees paid to the external auditors on tax services on various tax queries were both zero in 2013 and 2012.

All Other Fees – 2013 and 2012

None.

Audit Committee's Approval Policies and Procedures for the above services

The Audit Committe approved the above fees paid to the external auditors for the calendar years 2013 and 2012.

Item 7. Financial Statements

The report of the Company's independent public accountant is incorporated and attached to this report, in its entirety.

Attached as Annex "A" is the Audited Financial Statements for the year 2013 (Consolidated). Attached as Annex "B" is the Audited Financial Statements for the year 2013 (Parent).

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

Pursuant to the authority delegated to the Board of Directors by the stockholders of the Company during the 15 November 2013 Annual Stockholders' Meeting, the Board of Directors approved on 5 February 2014 the appointment of Reyes Tacandong & Co. as external auditor for the year 2013.

The decision to change the external auditor was made as part of the Company's good corporate governance practice.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

The Directors of the Company:

The Board of Directors is made up of nine (9) members with Mr. George Y. Uy at the helm as Chairman. Board Committees have been formed to focus on the Nomination and Compensation, the Audit and Compliance, and the Technical matters.

As at 31 December 2013, the following are the nine (9) individuals comprising the Board of Directors:

Name	Position	Nationality	Age	Term of Office	Period Served
George Y. Uy	Chairman	Filipino	64	2 years	2011 to present
Helen O. Tong	Vice-Chairman	Filipino	63	2 years	2011 to present
Antonio L. Tiu	Director	Filipino	38	3 years	2010 to present
Yuan Ming-Zheng	Director	Filipino	50	4 months	2013 to present
Martin C. Subido	Director	Filipino	37	3 years	2010 to present
Manuel Q. Bengson	Director	American	69	1 year	2012 to present
Alfred E. Tong	Director	Filipino	70	1 year	2012 to 26 March 2014*
Leonor M. Briones	**Director	Filipino	73	2 years	2011 to present
Benjamin P. Lim	**Director	Filipino	68	2 years	2011 to present

** Alfred E. Tong resigned as director of the Company effective 26 March 2014.*
*** Independent director*

GEORGE Y. UY. Mr. Uy started his career with the United Laboratories and Squibb between 1969 and 1970. He co-founded the Optima Scientific Consultants, Inc. which is engaged in the design of pollution abatement systems. Mr. Uy was one of the first proponents in the Philippines of the polypropylene woven bag plant using equipment from Europe, and also first to set up a meat processing plant that uses equipment from Germany with a license to export to Japan from the Philippines granted by the Japanese Ministry of Agriculture. In 1988, he co-founded a company engaged in mass transport system, telecommunications, and indentor of steel products. Currently he is also engaged in the biofuel program in the Philippines.

Mr. Uy obtained both his Bachelor's degree and Master's degree in Chemistry from the Ateneo de Manila University.

HELEN O. TONG. Ms. Tong is the Managing Director of Propmech Corporation. She also occupies various positions as COO/Treasurer, Secretary and/or Director of the following business entities: Safehull Marine Technologies Inc., Paleeno AP Inc., Floatech International Corporation, Philmarine Technology Group Inc. and Manila Cordage Company.

Ms. Tong obtained her degree in Bachelor of Arts in Business Administration from the College of the Holy Spirit.

ANTONIO L. TIU. Mr. Tiu holds the positions of CEO of Beidahuang Philippines Agro Industrial Development Corp, Chairman/President and CEO of Agrinurture, Inc., Chairman of Sunchamp Real Estate Development Co and Chairman of Earthright Holdings, Inc.. He has held and/or continues to hold chairmanship positions in the Board of Directors of First Class Agriculture Corporation, Fresh & Green Harvest Agricultural Company Inc., Best Choice Harvest Agricultural Corp., Lucky Fruits & Vegetable Products Inc., M2000 IMEX Company Inc., Fruitilicious Company Inc., Ocean Biotech Inc., and Fresh and Green Palawan Agri Ventures.

He likewise served as part-time lecturer in International Finance at DLSU Graduate School from 1999 to 2001. In 2009, he was given the Ernst and Young Emerging Entrepreneur of the Year award. He is an active member of the Integrated Food Manufacturer Association of the Philippines, PHILEXPORT, PHILFOODEX, Chinese Filipino Business Club, and Philippine Chamber of Agriculture and Food Industries.

Mr. Tiu has a Masters degree in Commerce specializing in International Finance from University of New South Wales, Sydney Australia and BS Commerce major in Management from De La Salle University, Manila. He is currently a candidate for a Doctorate degree in Public Administration at the University of the Philippines.

MARTIN C. SUBIDO. Atty. Martin Subido is a Certified Public Accountant and a member of the Integrated Bar of the Philippines. He graduated with a *B.S. Accountancy* degree from *De La Salle University* and obtained his Juris Doctor degree, with honors, from the *School of Law of Ateneo de Manila University.* He was a Senior Associate of the Villaraza & Angangco Law Offices before becoming managing partner of The Law Firm of Subido Pagente Certeza Mendoza & Binay.

MANUEL Q. BENGSON. Mr. Manuel Q. Bengson has held a position as Independent Director of GT Capital Holdings Inc. since July 11, 2012. He also has the Chairmanship of the Corporate Governance Committee and Membership in the Audit Committee of GT Capital Holdings. He has also been an Independent Director of Metrobank since 2011 and in Energy Opt, Inc. since 2010. He has been a Member of the Board of Governance of the Philippine Dealing and Exchange Corporation since 2011. Mr. Bengson had been a Senior Managing Director and Treasurer of the Philippines' Ayala Corporation since 1992. From 1969 to 2003, Mr. Bengson had assumed executive functions in several entities such as the Ayala Corporation, Ayala Life-FGU, Ayala Life Fixed Income Fund, Bank of the Philippine Islands Group and Citibank. Mr. Bengson serves as a Director of Ayala International Holdings Ltd., Ambeca Pte Ltd., Bank of the Philippine Islands, Ayala Life Assurance, Ayala Health Care, Inc., FGU Insurance Corporation, Universal Reinsurance Corporation Inc., BPI Family Savings Bank, BPI Capital Corporation, BPI Direct Savings Bank, and BPI International Finance Limited. Mr. Bengson served as a Director of Ayala Land Inc. until March 2003 and Meadowmere Resources Corporation since October 2012. Mr. Bengson served at the Ayala Group until January 31, 2003.

Mr. Bengson finished his Bachelor of Science in Business Administration, major in Accounting, at the University of the East, and is a Certified Public Accountant.

ALFRED E. TONG. Mr. Alfred Tong served as the Associate Director for the Graduate Program of the Ateneo Computer Technology Center from 1986 to 2002. He was the President and Managing Director of SM Equicom Computer Services, Inc. from 1986 to 2005 and has been the Managing Director of Equitable Computer Services, Inc. and Equicom, Inc. from 1986 until the present. He earned his Bachelor of Arts Degree from the Ateneo de Manila University and Doctorate in Philosophy from Tulane University, New Orleans, Louisiana.

YUAN MING-ZHENG. Mr. Zheng has served as a director of Mond Brothers, Inc. since 2008. He is currently the Vice Chairman of Nieves Securities Inc. and has been a director of Nieves Securities, Inc. since 2012. He was an independent director of Nihao Mineral Resources, Inc. in 2010 and 2011 and served as a director of the same company from 2009 to 2012.

LEONOR M. BRIONES*. Prof. Briones is Director for Policy and Executive Development, National College of Public Administration and Governance, University of the Philippines System, Diliman. She is also a Professor and Faculty Member, Graduate Level, in the same university. Prof. Briones was the Treasurer of the Philippines' Bureau of Treasury from August 1998 to February 2001 and was concurrently the Presidential Adviser for Social Development, with Cabinet Rank, Office of the President.

BENJAMIN P. LIM*. Mr. Lim has served as Vice-President for Operations and Vice President for Corporate Services and various other management positions while with the PNOC Energy Development Corporation from 1993 until 2005. After his retirement, he became adviser to the Board of Directors of the PNOC rendering timely advice on policy and operational matters. He also occupied various management positions while working with Petron Corporation from 1977 until 1993. Previously, he was connected with Lakeview Industrial Corporation from 1974 until 1977, with Esso Philippines Incorporated from 1971 until 1974 and Freeman Incorporated from 1967 until 1969. He was also a member of the Faculty of Engineering of the University of Sto. Tomas from 1966-1969.

Mr. Lim obtained his degree in BS Chemical Engineering (*summa cum laude*) at the University of Sto. Tomas and his degree in MS Chemical Engineering at the University of Washington.

* The Independent Directors have never been engaged as Consultant/s of the Company.

As at 31 December 2013, the following are the executive officers of the Company:

Name	Position	Age	Citizenship	Business Experience
George Y. Uy	Chairman	64	Filipino	Mr. Uy is the Chairman of the Company. He is currently engaged in the biofuel program in the Philippines. Starting his career with the United Laboratories and Squibb between 1969 and 1970, he co-founded the Optima Scientific Consultants, Inc. which is engaged in the design of pollution abatement systems. He is one of the first proponents in the Philippines of the polypropylene woven bag plant using equipment from Europe, and also first to set up a meat processing plant that uses equipment from Germany with a license to export to Japan.
Helen O. Tong	Vice-Chairman	63	Filipino	Ms. Tong is Vice-Chairman of the Company. She is also the Managing Director of Propmech Corporation. She likewise occupies various positions as COO/Treasurer, Secretary and/or Director of the following business entities: Safehull Marine Technologies Inc., Paleeno AP Inc., Floatech International Corporation, Philmarine Technology Group Inc. and Manila Cordage Company.
Antonio L. Tiu	President and CEO	38	Filipino	Mr. Tiu is the President and CEO of the Company. Mr. Tiu is also the CEO of

				Beidahuang Philippines Agro Industrial Development Corp, Chairman/President of Agrinurture, Inc., and Chairman of Sunchamp Real Estate Development Co. He has held and/or continues to hold chairmanship positions in Board of Directors of First Class Agriculture Corporation, Fresh & Green Harvest Agricultural Company Inc., Best Choice Harvest Agricultural Corp., Lucky Fruits & Vegetable Products Inc., M2000 IMEX Company Inc., Fruitilicious Company Inc., Ocean Biotech Inc., and Fresh and Green Palawan Agri Ventures. He served as part-time lecturer in International Finance at De La Salle University Graduate School from 1999 to 2001. In 2009, he was given the Ernst and Young Emerging Entrepreneur of the Year award. He is an active member of the Integrated Food Manufacturer Association of the Philippines, PHILEXPORT, PHILFOODEX, Chinese Filipino Business Club, and Philippine Chamber of Agriculture and Food Industries.
Kenneth S. Tan	Treasurer and CFO	42	Filipino	Mr. Tan was an officer of Citibank and Manulife Financial. He was a part-time lecturer in Economics at an international school in Manila. He earned his Bachelor of Arts degree from the Ateneo de Manila University.
Martin C. Subido	Corporate Secretary/ Corporate Information and Compliance Officer	37	Filipino	Atty. Subido is a Certified Public Accountant and a member of the Integrated Bar of the Philippines. He graduated with a *B.S. Accountancy* degree from *De La Salle University* and obtained his Juris Doctor degree, with honors, from the *School of Law of Ateneo de Manila University*. He was a Senior Associate of the Villaraza & Angangco Law Offices before becoming managing partner of The Law Firm of Subido Pagente Certeza Mendoza & Binay.
Miguel V. De Jesus	Senior VicePresident	59	Filipino	Mr. De Jesus started his career with Philippine Refining Corporation/UNILEVER from January 1978 to June 1980 as a Systems Designer. From July 1980 to October 1981, he served as Project Engineer for Enertech Systems Inc. Thereafter, he joined Energy Development Corp. and held various positions from Field Mechanical Engineer of the Engineering and Construction Department to Manager of the

				Power Department until December 2012. Mr. De Jesus obtained his Bachelor of Science degree in Mechanical Engineering from De La Salle University and Masters Certificate in Project Management from George Washington University.
Ma. Pamela Grace C. Muhi	Vice-President	39	Filipino	Ms. Muhi joined the Philippine Department of Energy in 1997 where she held various positions from Science Research Specialist I to Senior Science Research Specialist of the Energy Policy and Planning Bureau until May 2013. Ms. Muhi obtained her Bachelor of Arts degree in Mass Communication major in Broadcast Communication and Master of Arts in Public Administration from the Polytechnic University of the Philippines. She is currently taking her doctorate degree in Public Administration from the University of the Philippines.
Paula Katrina L. Nora	Assistant Corporate Secretary, Asst. Corp. Information and Compliance Officer	32	Filipino	Atty. Nora is a member of the Integrated Bar of the Philippines. She graduated with a Bachelor of Arts degree in Political Science minor in Economics from the Ateneo de Manila University and obtained her *Juris Doctor* degree from the School of Law of the Ateneo de Manila University.

Significant Employees

No single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all of its employees as instrumental to the overall success of the Company's perfomance.

Family Relationships

There are no other existing family relationships within the fourth civil degree either by consanguinity or affinity among the directors or executive officers.

Involvement in Legal Proceedings

To the best of the Company's knowledge, in the last five (5) years up to the latest date of this information statement, none of the directors or officers is or has been involved in any of the following events material in evaluating his ability or integrity as such director or officer:

a. any bankruptcy proceeding filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time;

b. any conviction by final judgment;

c. any order, judgment or decree, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

d. violation of a securities or commodities law or regulation.

Item 10. Executive Compensation

The following summarizes the aggregate compensation of the executive officers and directors and the amounts paid to the Chief Executive Officer and four (4) most highly compensated executive officers of the Company:

(A) Name and Position	(B) Year	(C) Salary	(D) Bonus	(E) Other Annual Compensation
Antonio L. Tiu, as CEO A Samuel Hernando/Vice-President[2] B Rafaelito Soliza[3] C Miguel de Jesus/ Senior Vice-President D Pamela Muhi/ Vice-President	2013	₱1,690,253.39	-	-
	2012	$30,000.00	-	-
E All other officers and directors as a group unnamed	2013	₱1,400,000.00	-	-
	2012	$100,000.00		

*The President and CEO, Treasurer and Corporate Secretary/Corporate Information and Compliance Officer did not receive compensation in 2012 and 2013.

Compensation of Directors

In 2012, the board of directors, committee chairmen and members did not receive compensation or director's fees. Effective January 2012, the members of the board were entitled to reimbursement on actual transportation expenses for attendance to any regular or special meetings.

Employment Contracts

None.

Warrants and Options Outstanding

On 19 October 2011, the stockholders approved to issue 100 Billion warrants relating to 100 Billion common shares at a strike price of P0.01 per share with a term of five years, under such

[2] Mr. Hernando resigned from the Company on 30 August 2013.
[3] Mr. Soliza resigned from the Company on 30 June 2013.

terms and conditions as may be determined by the Board of Directors and as may be warranted and allowed under existing laws, rules and regulations

On 14 April 2012, the Board of Directors approved the issuance of 7.5 Billion warrants to the Chairman, George Uy at the issue price of P0.001 per warrant under such terms and conditions as may be agreed upon and in accordance with the rules and regulations of the Securities and Exchange Commission and Philippine Stock Exchange.

Securities Subject to Redemption or Call

None.

Item 11. Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners

As of 31 December 2013, the following persons or group own more than five percent (5%) of the Company's voting securities equivalent to a total of 185,952,856,500 issued and outstanding common shares:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	*PCD Nominee Corp. (Filipino)* 37/F The Enterprise Center, Ayala Avenue, Makati City *No relationship with the Issuer*	PCD Nominee Corporation, a wholly-owned subsidiary of the Philippine Depository and Trust Corporation, Inc. (PDTC), is the registered owner of the shares in the books of the Company's stock transfer agent. The beneficial owner of such shares entitled to vote the same are PDTC's participants, who hold the shares either in their own behalf or on behalf of their clients. No stockholder owns more than 5% of the outstanding capital stock under the PCD Nominee Corp.	Filipino	34,461,997,369	18.53%
Common	*Earthright Holdings, Inc.* Unit 3C Value Point Executive Bldg., 227 Salcedo St. Legaspi Village Makati City	Earthright Holdings, Inc.	Filipino	25,000,000,000	13.44%

	Private placement investor				
Common	*ThomasLloyd Cleantech Infrastructure Fund GmbH (formerly, Cleantech Projektgesellschaft mbH)* Hanauer Landstraße 291B, 60314 Frankfurt a. M., Deutschland *Private placement investor*	ThomasLloyd Cleantech Infrastructure Fund GmbH (formerly, Cleantech Projektgesellschaft mbH)	German	20,776,856,000	11.17%
Common	*Sunchamp Real Estate Development Corp.* 11th Floor, Salcedo Towers, 169 H.V. De La Costa Street, Salcedo Village, 1227 Makati City *Private placement investor*	Sunchamp Real Estate Development Corp.	Filipino	17,600,000,000	9.46%
Common	*Three Star Capital Limited (BVI)* P.O. Box 2234, IFS Chambers, Road Town, Tortola, British Virgin Islands *Private placement investor*	Three Star Capital Limited (BVI)	British Virgin Islands	11,000,000,000	5.91%
Common	*PCD Nominee Corp. (Non-Filipino)* 37/F The Enterprise Center, Ayala Avenue, Makati City *No relationship with the Issuer*	PCD Nominee Corporation, a wholly-owned subsidiary of the Philippine Depository and Trust Corporation, Inc. (PDTC), is the registered owner of the shares in the books of the Company's stock transfer agent. The beneficial owner of such shares entitled to vote the same are PDTC's participants, who hold the shares either in their own behalf or on behalf of their clients.	Non-Filipino	10,345,615,790	5.56%

		No stockholder owns more than 5% of the outstanding capital stock under the PCD Nominee Corp.			

Security Ownership of Directors and Management

The following table shows the ownership of the following directors and executive officers in the Company's common shares as of 31 December 2013:

Title of Class	Name of Beneficial Owner	Citizenship	Amount and Nature of Beneficial Ownership		Percent of Class
Common	George Y. Uy	Filipino	100,000	Indirect	0.00%
Common	Helen O. Tong	Filipino	100,000	Inirect	0.00%
Common	Antonio L. Tiu	Filipino	1,000,000	Direct	28.83%
			53,600,000,000	Indirect	
Common	Manuel Bengson	American	100,000	Indirect	0.00%
Common	Alfred Tong	Filipino	100,000	Indirect	0.00%
Common	Martin C. Subido	Filipino	100,000	Direct	0.00%
			100,000	Indirect	
Common	Yuan Ming Zheng	Filipino	1,000,000	Direct	0.00%
Common	Leonor M. Briones	Filipino	100,000	Indirect	0.00%
Common	Benjamin P. Lim	Filipino	1,400	Direct	0.00%
			100,000	Indirect	
Common	Yuan-Ming Zheng	Filipino	1,000,000	Direct	0.00%
Common	Kenneth S. Tan	Filipino	0	-	0.00%
Common	Miguel V. De Jesus	Filipino	0	-	0.00%
Common	Ma. Pamela Grace C. Muhi	Filipino	0	-	0.00%
Common	Paula Katrina L. Nora	Filipino	0	-	0.00%
Total			53,602,801,400		28.83%

Voting Trust Holders of 5% or more

To the knowledge of the Company, no such voting trust exists.

Changes in Control

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

Item 12. Certain Relationships and Related Transactions

No transaction was undertaken by the Company in which any Director or Executive Officer was involved or had a direct or indirect material interest.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

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

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

The following are the reports on SEC Form 17-C, as amended, which were filed during period covered by this Report:

Disclosures	
2 August 2013	The Company disclosed its receipt of the resignation letter of Atty. Lenie T. Basilio effective 16 August 2013. Atty. Basilio as the Alternate Corporate Information and Compliance Officer of the Corporation. She resigned in order for her to dedicate more time to other commitments and to advance her career as a lawyer.
8 August 2013	The Company disclosed the execution of a binding Term Sheet with Agricultural Bank of the Philippines, Inc. ("Agri-Bank") wherein the Company shall invest P40 Million in exchange for 4 million new shares to be taken from the proposed increase in authorized capital stock of Agri-Bank from P100 million to P500 million. The final terms and conditions of the investment shall be subject to the results of the due diligence to be conducted by the Company. Agricultural Bank of the Philippines is a rural bank engaged in the business of extending rural credit to small farmers and tenants and to deserving rural industries or enterprises. The foregoing acquisition is in line with the objective of the Company to diversify its investment portfolio that currently includes renewable energy and waste management projects.
15 August 2013	The Board of Directors of the Company, among others, approved, confirmed and/or ratified the following during the special meeting of the Board of Directors on 15 August 2013: 1. Postponement of the Annual Stockholders' meeting of the Company previously scheduled on 16 August 2013 with a record date of 15 July 2013; 2. Issuance of new shares to the following subscribers: a. Sure Anthony T. Ching - 3 Billion common shares; b. Arc Estate & Project Corp.- 5 Billion common shares; and c. Three Star Capital Limited - 5 Billion common shares.
2 October 2013	The Company executed a subscription agreement for twenty percent (20%) of the outstanding capital stock of Sunchamp, to be issued from the latter's unissued authorized capital stock, for a total consideration of Fifty-Five Million Pesos (₱55,000,000.00). On the same date, the Company executed a binding Term Sheet for the acquisition of twenty-five percent (25%) equity interest in IT Group. The final terms and conditions of the foregoing investments shall be subject to the results of the due diligence to be conducted by the Company. The investments in Sunchamp and IT Group are in line with the objective of the Company to diversify its investment portfolio that currently includes renewable energy and waste management projects. Finally, the Board of Directors set the Annual Stockholders' Meeting of the Company on 15 November 2013 with a record date of 21 October 2013.
7 October 2013	Further to the Company's disclosure last 15 August 2013, the Company disclosed its

	receipt of the executed copies of the subscription agreements of Sure Anthony T. Ching, Three Star Capital Limited (BVI) and Arc Estate and Project Corporation.
15 November 2013	The Company disclosed the matters taken up during the Annual Meeting of Stockholders ("ASM") and the Organizational Meeting of the Board of Directors held on November 2013. During the ASM, the following were elected as the members of the Board of Directors of the Company: 1. George Y. Uy 2. Antonio L. Tiu 3. Helen O. Tong 4. Martin C. Subido 5. Manuel Q. Bengson 6. Alfred E. Tong 7. Yuan-Ming Zheng 8. Leonor M. Briones (Independent Director) 9. Benjamin P. Lim (Independent Director) During the ASM, the following, among others, have been approved, ratified and confirmed by the stockholders: 1. Minutes of the Annual Meeting of Stockholders held last 11 December 2012; 2. Annual Report and Financial Statements for the year ended 31 December 2012; 3. Amendment of the Seventh Article of the Articles of Incorporation for the purpose of: i. creating 1 Billion voting and participating preferred shares (as to assets) with a par value of Php0.10 per share from the authorized capital stock; and ii. increasing the par value of all the remaining unissued and issued common shares from Php0.01 per share to Php1.00 per share; which shall result in the Company having an authorized capital stock of Php2 Billion divided into 1.9 Billion common shares with a par value of Php1.00 per share and 1 Billion preferred shares with a par value of Php0.10 per share; 4. Amendment of the Sixth Article of the Article of Incorporation in order to increase the number of directors to 11 directors with 2 independent directors from 9 directors with 2 independent directors; 5. Amendment of the By-Laws for the purpose of separating the positions of President and Chief Executive Officer; 6. Amendment of the Manual on Corporate Governance in order to increase the number of directors to 11 directors with 2 independent directors from 9 directors with 2 independent directors; and

	7. Reclassification of the Php62.5 Million worth of common shares of the 25 Billion common shares of Earthright Holdings, Inc. into 625 Million fully paid preferred shares, and giving all holders of common shares as of June 27, 2013 the same right to reclassify their common shares into preferred shares in such amounts and proportion between Earthright and all other stockholders that can be accommodated by the number of preferred shares created; provided that, stockholders must provide the Company with written notice to reclassify on or before the annual stockholders' meeting previously scheduled on August 16, 2013; provided further, that, any reclassification shall not result in the foreign ownership level of all outstanding common shares and preferred shares exceeding 40%. During the Organizational Meeting of the Board of Directors, the following were appointed as officers of the Company: Chairman : George Y. Uy Vice-Chairman : Helen O. Tong President/Chief Executive Officer : Antonio L. Tiu Senior Vice President : Miguel V. de Jesus Vice President : Ma. Pamela Grace C. Muhi Treasurer/Chief Financial Officer : Kenneth S. Tan Corporate Secretary/Corporate Information and Compliance Officer : Martin C. Subido Assistant Corporate Secretary/Assistant Corporate Information and Compliance Officer : Paula Katrina L. Nora During the Organizational Meeting of the Board of Directors, the following were appointed as members of the various committees of the Board of Directors: i. Nomination and Compensation Committee Chairman - Benjamin P. Lim Member - Antonio L. Tiu Member - Martin C. Subido ii. Audit and Compliance Committee Chairman - Leonor M. Briones Member - Martin C. Subido Member - Manuel Q. Bengson iii. Technical Committee Chairman - Benjamin P. Lim Member - George Y. Uy Member - Helen O. Tong
22 November 2013	Further to the Company's disclosure last 8 August 2013, the Company executed today a Subscription Agreement with Agricultural Bank of the Philippines, Inc. ("Agri-Bank") wherein the Company agreed to subscribe for 40 million new shares with a

	subscription price of ₱1.00 per share or an aggregate subscription price of ₱40 million representing 26.67% of the total issued and outstanding capital stock of Agri-Bank after the latter's pending increase in authorized capital stock from ₱100 million to ₱500 million and decrease in par value from ₱10.00/share to ₱1.00/share.
16 December 2013	Greenergy Holdings Incorporated's additional contact information are as follows: Telephone Number: (02) 579-4490 Fax Number: (02) 621-6742

SIGNATURES

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on 28 April 2014.

By:

ANTONIO L. TIU
President and Chief Executive Officer

KENNETH S. TAN
Treasurer/Chief Financial Officer

MARTIN C. SUBIDO
Corporate Secretary

CIARA MAE ONG-LIM
Comptroller

SUBSCRIBED AND SWORN to before me on 28 April 2014, at Makati City, affiants exhibiting to me the following documents, to wit:

NAMES	IDENTIFICATION	DATE AND PLACE OF ISSUE
Antonio L. Tiu	Passport No. EB4436922	Valid until 11 January 2017 Issued by DFA-Manila
Kenneth S. Tan	Passport No. EB8463839	Valid until 23 June 2018 Issued by DFA-Manila
Martin C. Subido	Passport No. XX5410336	Valid until 29 January 2015, DFA-Manila
Ciara Mae U. Ong	Passport No. XX5648509	Valid until 1 Mar. 2015, DFA-Manila

Doc. No. 39;
Page No. 9;
Book No. III;
Series of 2014.

PRINCESITA PASANA-TURGANO
NOTARY PUBLIC
ROLL NO. 58144
MAKATI CITY, PHILIPPINES

ATTY. PRINCESITA PASANA-TURGANO
Notary Public
Until December 31, 2014
Roll of Attorneys No. 58144
IBP Lifetime Member No. 939243
PTR No. 4253165/1-23-14/Makati City
Notarial Commission No. M-555
TIN 408-058-450
MCLE Compliance No. IV-0018886/04-26-13

COVER SHEET

AS092005589

SEC Registration Number

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

Company's Full Name

54 National Road, Dampol II-A, Pulilan, Bulacan

Business Address: No. Street City/Town/Province

Kenneth Tan

Contact Person

(02) 893-2687

Company Telephone Number

12 *Month* **31** *Day*

(Calendar Year)

AACFS

(Form Type)

11 *Month* **15** *Day*

(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

CRMD

Dept. Requiring this Doc.

Articles VI and VII

Amended Articles Number/Section

Total Amount of Borrowings

1,026

Total Number of Stockholders

₱0.2 million

Domestic

–

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = Please use black ink for scanning purposes

GREENERGY HOLDINGS INCORPORATED
(formerly Music Semiconductors Corp.)
54 National Road, Dampol II
Pulilan, Bulacan

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Greenergy Holdings Incorporated** and its Subsidiaries (*formerly MUSX Corporation and its Subsidiaries*) is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2013 and 2012, including the additional components attached therein, in accordance with the Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the consolidated financial statements and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditors and appointed by the stockholders, has examined the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders and has expressed its opinion on the fairness of presentation upon completion of such examination.

Signature:____________________
George Uy
Chairman of the Board

Signature:____________________
Antonio L. Tiu
President/Chief Executive Officer

Signature:____________________
Kenneth S. Tan
Treasurer/Chief Financial Officer

Signed this 25th day of April 2014.

APR 3 0 2014

SUBSCRIBED AND SWORN to before me this __________day of ________________ for and in the City of Makati, affiants exhibiting to me the following evidence of their identity:

Name	Government Issued ID	Date Validity	Place of Issue
GEORGE Y. UY	Passport No. EB1880605	Valid Until February 6, 2016	DFA-Manila
ANTONIO L. TIU	Passport No. EB4436922	Valid Until January 11, 2017	DFA-Manila
KENNETH S. TAN	Passport No. EB8463839	Valid Until January 23, 2018	DFA-Manila

Doc. No. 459;
Page No. 93;
Book No. XXI;
Series of 2014.

ATTY. GERVACIO B. ORTIZ JR.
NOTARY Public City of Makati
Until December 31, 2014
IBP No. 656155-Lifetime Member
MCLE Compliance No. III-0014282
Appointment No. M-199-(2013-2014)
PTR No. 4225505 Jan. 2, 2014/Makati
Makati City Roll No. 40091
101 Urban Ave., Brgy. Pio del Pilar,
Makati City

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

PHINMA Plaza
39 Plaza Drive, Rockwell Center
Makati City 1200 Philippines
www.reyestacandong.com
Phone: +632 982 9100
Fax : +632 982 9111
BOA/PRC Accreditation No. 4782
November 12, 2012, valid until December 31, 2015
SEC Accreditation No. 0207-FR-1 (Group A)
September 6, 2013, valid until September 5, 2016

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Greenergy Holdings Incorporated and Subsidiaries
54 National Road, Dampol II-A
Pulilan, Bulacan

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Greenergy Holdings Incorporated (formerly MUSX Corporation) and Subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2013, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Greenergy Holdings Incorporated and Subsidiaries as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards.

Other Matter

The consolidated financial statements of Greenergy Holdings Incorporated as at and for the years ended December 31, 2012 and 2011 were audited by another auditor whose report dated February 13, 2014, expressed an unmodified opinion on those statements. The opinion of such other auditor, however, does not include the restatements and reclassification adjustments discussed in Note 6 to the consolidated financial statements.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 123-503-505-000
BOA Accreditation No. 4782; Valid until December 31, 2015
SEC Accreditation No. 1021-AR-1 Group A
Valid until November 11, 2016
BIR Accreditation No. 08-005144-5-2013
Valid until November 26, 2016
PTR No. 4232804
Issued January 2, 2014, Makati City

April 25, 2014
Makati City, Metro Manila

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
(Formerly MUSX Corporation and Subsidiaries)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013
(With Comparative Figures for 2012 and 2011)

		December 31		
	Note	**2013**	2012 (As Restated - Note 6)	2011 (As Restated - Note 6)
ASSETS				
Current Assets				
Cash	9	**₱1,021,361**	₱472,623,537	₱601,786
Receivables	10	**60,237,731**	1,081,429	187,264
Due from related parties	21	**341,121,776**	267,928,872	19,127,147
Advances for investments	12	**–**	200,000,000	235,000,000
Assets classified as held for sale	8	**671,104,589**	–	–
Other current assets		**607,652**	3,645,216	306,377
Total Current Assets		**1,074,093,109**	945,279,054	255,222,574
Noncurrent Assets				
Available-for-sale (AFS) investments	11	**97,928,047**	78,144,326	–
Investment in associates	13	**147,640,485**	93,316,483	62,827,607
Advances for a waste recycling project	12	**235,008,036**	235,008,036	–
Property and equipment	14	**1,104,407**	1,505,439	2,104,621
Deferred tax assets	22	**87,160**	80,205	–
Other noncurrent assets	15	**179,006**	7,948,472	20,728,692
Total Noncurrent Assets		**481,947,141**	416,002,961	85,660,920
		₱1,556,040,250	₱1,361,282,015	₱340,883,494
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	16	**₱1,933,465**	₱4,126,164	₱2,654,710
Due to related parties	21	**34,677,687**	5,790,613	–
Income tax payable		**1,897**	17,468	58,527
Liabilities directly associated with assets classified as held for sale	8	**5,795,420**	–	–
Total Current Liabilities		**42,408,469**	9,934,245	2,713,237
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY				
Capital stock	17	**1,324,278,565**	1,100,278,565	522,010,005
Additional paid-in capital		**268,090,531**	268,090,531	60,321,971
Fair value reserve for AFS investments	11	**(54,428,547)**	(5,998,207)	–
Deficit		**(290,671,044)**	(276,917,764)	(244,161,719)
		1,247,269,505	1,085,453,125	338,170,257
NONCONTROLLING INTEREST	24	**266,362,276**	265,894,645	–
Total Equity		**1,513,631,781**	1,351,347,770	338,170,257
		₱1,556,040,250	₱1,361,282,015	₱340,883,494

See accompanying Notes to Consolidated Financial Statements.

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

(Formerly MUSX Corporation and Subsidiaries)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2013

(With Comparative Figures for 2012 and 2011)

	Notes	2013	2012 (As Restated - Note 6)	2011 (As Restated - Note 6)
Continuing operation				
Share in income (loss) of associates	13	**(₱675,999)**	₱5,488,876	₱266,228
General and administrative expenses	18	**(6,836,740)**	(20,257,309)	(3,934,699)
Other operating expenses - net	19	**(7,038,681)**	(22,383,390)	(35,648,615)
Interest income	9	**1,260,713**	2,336,826	8,580
Interest expense		**–**	–	(69,511)
Loss before tax from continuing operation		**(13,290,707)**	(34,814,997)	(39,378,017)
Income tax benefit	22	**5,058**	8,033	–
Net loss from continuing operations		**(13,285,649)**	(34,806,964)	(39,378,017)
Net loss from discontinued operations - net of tax	20	**–**	–	(152,501,210)
NET LOSS		**(13,285,649)**	(34,806,964)	(191,879,227)
OTHER COMPREHENSIVE LOSS				
Items to be reclassified in profit or loss				
Net fair value changes of AFS investment	11	**(48,430,340)**	(5,998,207)	11,685,544
TOTAL COMPREHENSIVE LOSS		**(₱61,715,989)**	(₱40,805,171)	(₱180,193,683)
Net Loss attributable to				
Equity holders of Parent Company		**(₱13,753,280)**	(₱32,756,045)	(₱191,879,227)
Noncontrolling interest	24	**467,631**	(2,050,919)	–
		(₱13,285,649)	(₱34,806,964)	(₱191,879,227)
Basic loss per share	23	**(₱0.000082)**	(₱0.000330)	(₱0.003268)
Dilutive loss per share	23	**(₱0.000074)**	(₱0.000322)	(₱0.003268)
Total Comprehensive Loss attributable to				
Equity holders of Parent Company		**(₱62,183,620)**	(₱38,754,252)	(₱180,193,683)
Noncontrolling interest	24	**467,631**	(2,050,919)	–
		(₱61,715,989)	(₱40,805,171)	(₱180,193,683)

See accompanying Notes to Consolidated Financial Statements.

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

(Formerly MUSX Corporation and Subsidiaries)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2013

(With Comparative Figures for 2012 and 2011)

	Note	2013	2012 (As Restated - Note 6)	2011 (As Restated - Note 6)
EQUITY ATTRIBUTABLE TO PARENT HOLDERS OF THE PARENT COMPANY				
CAPITAL STOCK				
Issued and subscribed:				
Balance at beginning of year		**₱1,100,278,565**	₱522,010,005	₱308,750,000
Issuances and subscriptions of shares	17	**431,000,000**	734,768,560	193,760,005
Decrease (increase) in subscription receivable	17	**(207,000,000)**	(156,500,000)	19,500,000
Balance at end of year		**1,324,278,565**	1,100,278,565	522,010,005
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year		**268,090,531**	60,321,971	60,321,971
Premiums received		–	207,768,560	–
Balance at end of year		**268,090,531**	268,090,531	60,321,971
CURRENCY TRANSLATION ADJUSTMENT				
Balance at beginning of year				
As previously reported		**17,358,586**	27,773,440	18,088,351
Prior period adjustments	6	**(17,358,586)**	(27,773,440)	–
As restated		**–**	–	18,088,351
Effect of divestment of foreign subsidiaries		**–**	–	(18,088,351)
Balance at end of year		**–**	–	–
FAIR VALUE RESERVE FOR AFS INVESTMENTS	11			
Balance at beginning of year				
As previously reported		**(8,705,880)**	–	(11,685,544)
Prior period adjustments	6	**2,707,673**	2,707,673	–
As restated		**(5,998,207)**	2,707,673	(11,685,544)
Fair value changes of AFS investments		**(48,430,340)**	(8,705,880)	11,685,544
Balance at end of year		**(54,428,547)**	(5,998,207)	–
DEFICIT				
Balance at beginning of year				
As previously reported		**(297,985,892)**	(271,935,159)	(12,161,877)
Prior period adjustments	6	**21,068,128**	27,773,440	–
As restated		**(276,917,764)**	(244,161,719)	(12,161,877)
Impairment loss on investment in a former subsidiary previously eliminated		**–**	–	(40,120,615)
Net loss		**(13,753,280)**	(32,756,045)	(191,879,227)
Balance at end of year		**(290,671,044)**	(276,917,764)	(244,161,719)

(Forward)

	Note	**2013**	2012 (As Restated - Note 6)	2011 (As Restated - Note 6)
OTHER RESERVES				
Balance at beginning of year				
As previously reported		**₱29,327,852**	₱–	₱–
Prior period adjustment	6	**(29,327,852)**	–	–
As restated		–	–	–
Balance as the end of the year		–	–	–
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**1,247,269,505**	1,085,453,125	338,170,257
NONCONTROLLING INTERESTS	24			
Balance at beginning of year				
As previously reported		**294,387,566**	–	–
Prior period adjustment	6	**(28,492,921)**	–	–
		265,894,645	–	–
Share in net income (loss)		**467,631**	(2,050,919)	–
Investment by minority stockholder		–	267,014,920	–
Effect of business combination		–	930,644	
Balance at end of year		**266,362,276**	265,894,645	–
		₱1,513,631,781	₱1,351,347,770	₱338,170,257

See accompanying Notes to Consolidated Financial Statements.

GREENERGY HOLDINGS INCORPORATED AND ITS SUBSIDIARIES
(Formerly MUSX Corporation and its Subsidiaries)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013
(With Comparative Figures for 2012 and 2011)

	Note	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax from continuing operation		**(₱13,290,707)**	(₱34,814,997)	(₱39,378,017)
Loss before tax on discontinued operation	20	–	–	(148,881,905)
Adjustments for:				
Share in (income) loss of associates	13	**675,999**	(5,488,876)	(266,228)
Depreciation and amortization	14	**473,031**	512,979	368,185
Provisions for:				
Impairment loss on other noncurrent assets	19	**7,133,533**	–	–
Impairment loss on advances to related parties	19	–	19,608,630	–
Impairment loss on receivables	10	–	–	17,711,538
Unrealized forex gain	19	–	(3,648,161)	–
Loss due to dilution of ownership interest in a former subsidiary		–	–	87,852,413
Impairment loss on investment in a former subsidiary				6,251,665
Loss on disposal of property and equipment		–	172,406	–
Loss on disposal of AFS investments	19	–	–	11,685,544
Interest income	9	**(1,260,713)**	(2,336,826)	(8,580)
Interest expense		–	–	69,511
Operating loss before working capital changes		**(6,268,857)**	(25,994,845)	(64,595,874)
Decrease (increase) in:				
Receivables		**(59,156,302)**	(894,165)	4,852,278
Due from related parties		**(73,192,904)**	(263,909,564)	–
Other current assets		**3,020,096**	(3,452,070)	(63,124)
Increase (decrease) in:				
Due to related parties		**28,887,074**	5,790,613	–
Trade and other payables		**(2,192,699)**	1,471,454	(14,992,971)
Net cash used for operations		**(108,903,592)**	(286,988,577)	(74,799,691)
Interest received		**1,260,713**	2,336,826	8,580
Net cash used in operating activities		**(107,642,879)**	(284,651,751)	(74,791,111)

(Forward)

	Note	**2013**	2012	2011
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Investment in associates	13	**(55,000,000)**	(25,000,000)	–
AFS investments	11	**(68,214,061)**	(84,142,533)	–
Assets classified as held for sale, net of liabilities		**(465,309,169)**	–	–
Acquisition of property and equipment	14	**(71,999)**	(86,203)	(2,472,806)
Decrease (increase) in noncurrent assets		**635,932**	12,780,220	(20,728,692)
Advances for investments		**–**	35,000,000	(235,000,000)
Advances for a waste recycling project		**–**	(235,008,036)	–
Investment of noncontrolling interest in subsidiaries		**–**	267,092,934	–
Proceeds from sale AFS investment		**–**	–	39,848,414
Disposal of subsidiaries net of proceeds		**–**	–	132
Net cash used in investing activities		**(587,959,297)**	(29,363,618)	(218,352,952)
CASH FLOWS FROM FINANCING ACTIVITIES				
Additions to capital stock	17	**224,000,000**	786,037,120	213,260,005
Payment of interest-bearing loans		**–**	–	(409,067)
Proceeds from interest-bearing loans		**–**	–	1,840,000
Interest paid		**–**	–	(69,511)
Net cash provided by financing activities		**224,000,000**	786,037,120	214,621,427
EFFECTS OF EXCHANGE RATE CHANGES ON CASH		**–**	–	(48,529,154)
NET CASH FLOWS INCURRED BY DISPOSED SUBSIDIARIES	20	**–**	–	88,539,183
NET INCREASE (DECREASE) IN CASH		**(471,602,176)**	472,021,751	(38,512,607)
CASH AT BEGINNING OF YEAR		**472,623,537**	601,786	39,114,393
CASH AT END OF YEAR		**₱1,021,361**	₱472,623,537	₱601,786

See accompanying Notes to Consolidated Financial Statements.

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

(Formerly MUSX Corporation and Subsidiaries)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(With Comparative Information for 2012)

1. **Company Information**

Greenergy Holdings Incorporated (formerly MUSX Corporation, singly as the Parent Company and collectively as the Group) was registered with the Philippine Securities and Exchange Commission (SEC) in January 29, 1992. The Parent Company's shares are listed with the Philippine Stock Exchange (PSE).

The Parent Company, formerly engaged in the manufacture and sale of semiconductors products, changed its primary purpose to that of a holding Parent Company. The change was approved by the SEC on December 15, 2008.

On June 22, 2011, the SEC approved the amendment of the Parent Company's Articles of Incorporation which provided for the following:

- Change in the registered business name from MUSX Corporation to its current name;
- Change in the principal office and place of business of the Corporation from L14 Net Cube Centre, 3rd Avenue corner 30th Street, E- Square Crescent Park, West Bonifacio Global City, Taguig to 54 National Road, Dampol II-A, Pulilan, Bulacan;
- Decrease in par value from ₱0.10 per share to ₱0.01 per share; and
- Increase in authorized capital stock from ₱500.0 million divided into 5.0 billion shares at ₱0.10 par value per share to ₱1.0 billion divided into 100 billion shares at ₱0.01 par value per share.

On March 8, 2012, the SEC approved the increase in authorized capital stock from ₱1.0 billion divided into 100 billion shares at ₱0.01 par value per share to ₱2.0 billion divided into 200 billion shares at ₱0.01 par value per share.

On June 27, 2013, the Board of Directors (BOD) approved the restructuring of the authorized capital stock to ₱2.0 billion divided into 1.9 billion common shares at ₱1.0 par value per share and 1.0 billion preferred shares at ₱0.10 par value per share. As at December 31, 2013, the application for the restructuring of the authorized capital stock is still pending approval by the SEC.

The accompanying consolidated financial statements of the Group as at and for the year ended December 31, 2013 were approved and authorized for issue by the Group's BOD on April 25, 2014.

As at December 31, 2013 and 2012, the Parent Company holds investments in the following subsidiaries and associates:

Name of investee	Country of incorporation	Principal activity	Principal place of business	Percentage Ownership 2013	2012
Subsidiaries					
Total Waste Management Recovery System, Inc. (TWMRSI)	Philippines	Waste Management	Pulilan, Bulacan	**51.00%**	51.00%
Winsun Green Ventures, Inc. (WGVI)	Philippines	Renewable energy	Pulilan, Bulacan	**100.00%**	100.00%
Biomass Holdings, Inc. (BHI)	Philippines	Holding	Makati City	**60.00%**	60.00%
Associates					
Isabela Alcogas Corporation (IAC)	Philippines	Manufacturing	Quezon City	**50.00%**	–
Music Semiconductor Philippines, Inc.*	Philippines	Logistics and manufacturing	Muntinlupa City	**39.00%**	39.00%
Sunchamp Real Estate Development Corporation (SREDC)	Philippines	Real estate	Makati City	**20.00%**	–

**Classified as an associate in July 2011*

Music Semiconductor Philippines, Inc. (MSPI), MUSIC Semiconductors, Inc. (MSI), Musem Electonic N.V. (MENV) and Protelcon, Inc. (PI)
On December 23, 2010, the stockholders approved the Parent Company's initiative to venture into other business opportunities such as renewable energy and waste management systems by reducing its interest in the semiconductor business. Accordingly, the Parent Company, in 2011, divested all of its interests in MSI, MENV and PI but retained 39% from 100% interest in MSPI.

In connection with the divestment, MSPI issued a three (3) year convertible bond in favor of the Parent Company equivalent to ₱118.5 million. The convertible bond of ₱118.5 million was fully impaired and written-off because management has assessed that these bonds may not be realized.

TWMRSI
On June 30, 2011, the Parent Company's stockholders approved the acquisition of fifty one 51% of TWMRSI, a domestic corporation engaged in the business of building, operating and managing waste recovery facilities and waste management systems within the Philippines. On March 27, 2012, the Parent Company acquired the 51% ownership in TWMRSI when the SEC approved the application for increase in authorized capital of TWMRSI (see Note 12).

WGVI
On June 22, 2012, the SEC approved the incorporation of WGVI with the primary purpose of engaging in renewable energy resources.

BHI
On October 31, 2012, the SEC approved the incorporation of BHI, a 60/40 Company arrangement with ThomasLloyd Cleantech Infrastracture Fund (TCIF). BHI was incorporated with the primary purpose of investing in any other entity engaged in the business and/or operation of renewable energy systems and/or harnessing renewable energy resources. Subsequently, BHI invested in San Carlos Biomass, Inc. (SCBI), a biomass power plant in Negros (see Note 12).

On October 2, 2013, the BOD authorized the Parent Company to explore the sale of all or a portion of the Parent Company's 60% equity in BHI.

On March 26, 2014, the BOD approved the sale of the Parent Company's 60% equity in BHI under such terms and conditions as may be beneficial to the Corporation. Hence, the assets in BHI were presented as "assets classified as held for sale" and liabilities in BHI as "liabilities directly associated with assets classified as held for sale" (see Note 8).

On April 2, 2014, the Parent Company disclosed to the public that it has bound itself to divest its 60% equity interest in BHI in favor of TLCIF or the latter's designee, with deeds of sale and assignment to be finalized on or before June 30, 2014. As of April 25, 2014, the parties have not executed the pertinent deeds of sale and assignment.

IAC
On December 11, 2012, the Parent Company's stockholders approved a 50% investment in IAC, a company registered with the Philippine SEC on October 17, 2007. IAC's primary purpose is to engage in the business of manufacturing of goods such as ethanol and other biofuel and to trade the same on a wholesale/retail basis.

SREDC
On October 2, 2013, the Parent Company acquired 20% of the voting shares of SREDC. SREDC is primarily engaged in developing self-sustaining agri-tourism projects. It currently has real and enforceable rights over approximately 145 hectares of land in Rosario, Batangas.

2. **Basis of Preparation and Statement of Compliance**

Basis of Preparation
The accompanying consolidated financial statements of the Group have been prepared on historical cost basis, except for AFS investments in quoted securities which are stated at fair value, and are presented in Philippine Peso, the Group's functional currency. All values represent amounts rounded to the nearest peso unless otherwise stated.

In 2013, the Group changed its functional currency from the US Dollar to the Philippine Peso as a result of the Group's divestment of its foreign subsidiaries, MSI, MENV and PI, in June 2011. The necessary notification for the change was made with the SEC on January 30, 2013. The consolidated financial statements as at December 31, 2012 and 2011 were restated to effect the change (see Note 6).

Statement of Compliance
The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council (FRSC) and adopted by the Philippine SEC. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) and SEC provisions.

3. **Summary of Changes in Accounting Policies**

Adoption of New and Revised PFRS
The Group adopted the following new and revised PFRS, which became effective as at January 1, 2013. These are summarized below.

- PAS 1, *Financial Statement Presentation, Presentation of Items of Other Comprehensive Income* - The amendment changed the presentation of items in Other Comprehensive Income. Items reclassified to profit or loss at a future point in time are presented separately from items that cannot be reclassified.

- PAS 19*, Employee Benefits* (Amendment) – There were numerous changes ranging from the fundamental such as removing the corridor mechanism in the recognition of actuarial gains or losses and the concept of expected returns on plan assets to simple clarifications and re-wording.

- PFRS 10, *Consolidated Financial Statements* - The standard replaces the portion of PAS 27, *Consolidated and Separate Financial Statements,* that addresses the accounting for consolidated financial statements and SIC-12, *Consolidation - Special Purpose Entities*. It establishes a single control model that applies to all entities including special purpose entities. Management has to exercise significant judgment to determine which entities are controlled, and are required to be consolidated by a parent company.

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

- PFRS 12, *Disclosure of Interests in Other Entities* - The standard includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosure requirements that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

- Amendments to PFRS 10, PFRS 11, *Joint Arrangements*, and PFRS 12*: Transition Guidance* - The amendments provide additional transition relief in PFRS 10, PFRS 11, and PFRS 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments removed the requirement to present comparative information for periods before PFRS 12 is first applied.

- PAS 27*, Separate Financial Statements* (as revised in 2011) - As a consequence of the new PFRS 10 and PFRS 12, PAS 27 is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

- PAS 28*, Investments in Associates and Joint Ventures* (as revised in 2011) - This standard prescribes the application of the equity method to investments in associates and joint ventures.

- PFRS 7, *Financial Instruments Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendment) - The amendment requires entities to disclose information that will enable users to evaluate the effect or potential effect of netting arrangements on an entity's financial position. The new disclosure is required for all recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

- PFRS 13*, Fair Value Measurement* - The standard establishes a single source of guidance under PFRS for all fair value measurements. It does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted.

- Improvements to PFRS

  The omnibus amendments to PFRS issued in May 2012, which are effective for annual periods beginning on or after January 1, 2013, were issued primarily to clarify accounting and disclosure requirements to assure consistency in the application of the following standards.

  - PAS 1, *Presentation of Financial Statements*
  - PAS 16, *Property, Plant and Equipment*
  - PAS 32, *Financial Instrument: Presentation*
  - PAS 34, *Interim Financial Reporting*

The adoption of the foregoing new and revised PFRS did not have any material effect on the financial statements. Additional disclosures have been included in the notes to financial statements, as applicable.

<u>New and Revised PFRS Not Yet Adopted</u>
Relevant new and revised PFRS which are not yet effective for the year ended December 31, 2013 and have not been applied in preparing the consolidated financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2014:

- Amendments to PFRS 10, PFRS 12 and PAS 27*: Investment Entities* - The amendments provide an exception from the requirements of consolidation for investment entities and instead require these entities to present their investments in subsidiaries as a net investment that is measured at fair value. Investment entity refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both.

- Amendments to PAS 32*: Offsetting Financial Assets and Financial Liabilities* - The amendments address inconsistencies in current practice when applying the offsetting criteria in PAS 32. The amendments clarify (1) the meaning of 'currently has a legally enforceable right of set-off'; and (2) that some gross settlement systems may be considered equivalent to net settlement.

Effective for annual periods beginning on or after January 1, 2015:

- PFRS 9, *Financial Instruments: Classification and Measurement* - This standard is the first phase in replacing PAS 39, *Financial Instruments: Recognition and Measurement*, and applies to classification and measurement of financial assets as defined in PAS 39.

Under prevailing circumstances, the adoption of the foregoing new and revised PFRS is not expected to have any material effect on the consolidated financial statements. Additional disclosures will be included in the consolidated financial statements, as applicable.

4. **Summary of Significant Accounting Policies**

Basis of Consolidation
The accompanying consolidated financial statements include the financial statements of the Company and its subsidiaries, which it controls as at December 31 of each year, except for BHI in 2013 (see Note 8). The Parent Company has control over the investee when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. Adjustments, where necessary, are made to ensure consistency with the policies adopted by the Group. All significant intercompany balances and transactions including inter-group unrealized profits and losses, are eliminated in preparing the consolidated financial statements.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date when the Parent Company obtains control and continue to be consolidated until the date when such control ceases. The results of operations of the subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

Changes in the controlling ownership interest (i.e., acquisition of noncontrolling interest or partial disposal of interest over a subsidiary) that do not result in a loss of control are accounted for as equity transactions.

Business Combination and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value on acquisition date and the amount of any noncontrolling interest in the acquiree. For each business combination, the acquirer measures the noncontrolling interest in the acquiree either at fair value or at its proportionate share in the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed and included in general and administrative expenses. The excess of the cost of acquisition over the fair value of the Parent Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Parent Company's share of the net assets of the subsidiary acquired, the difference is recognized directly in profit or loss.

When the Parent Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Common Control Transactions. Where there are business combinations in which all the combining entities within the Group are ultimately controlled by the same ultimate parent before and after the business combination and that the control is not transitory ("business combinations under common control"), the Parent Company accounts such business combinations under the acquisition method of accounting, if the transaction was deemed to have substance from the perspective of the reporting entity. In determining whether the business combination has substance, factors such as the underlying purpose of the business combination and the involvement of parties other than the combining entities such as the noncontrolling interest, are being considered.

In cases where the business combination has no substance, the Parent Company accounts for the transaction similar to a pooling of interests. The assets and liabilities of the acquired entities and that of the Parent Company are reflected at their carrying values. The difference in the amount recognized and the fair value of the consideration given, is accounted for as an equity transaction (i.e., as either a contribution or distribution of equity). Further, when a subsidiary is transferred in a common control transaction, the difference in the amount recognized and the fair value of consideration received, is also accounted for as an equity transaction.

Comparatives balances are restated to include balances and transactions as if the entities have been acquired at the beginning of the earliest year presented and as if the entities have always been combined.

Goodwill. Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling interest over the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

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

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

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative exchange differences arising from the translation and goodwill is recognized in profit or loss.

The goodwill on investment in an associate is included in the carrying amount of the related investment.

Segment Reporting

Operating segments are components of the Group: (a) that engage in business activities from which they may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the Group); (b) whose operating results are regularly reviewed by the Group's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

For purposes of management reporting, the Group's operating businesses are organized and managed separately on a per company basis, with each company representing a strategic business segment.

Financial Instruments

Date of Recognition. Financial instruments are recognized in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument.

Initial Recognition. Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). Except for financial instruments at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction cost.

Classification of Financial Instruments. The Group classifies its financial assets in the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments and available-for-sale (AFS) investments. The Group classifies its financial liabilities as either financial liabilities at FVPL or other financial liabilities. The classification depends on the purpose for which the investments are acquired and whether these are quoted in an active market. Management determines the classification of its financial assets and liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

The Group does not have financial instruments classified as financial assets or financial liabilities at FVPL and HTM investments.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate. Gains and losses are recognized in consolidated statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within 12 months from reporting date. Otherwise, these are classified as noncurrent assets.

The Group's cash in banks, receivables, and due from related parties are classified under this category.

AFS Investments. AFS investments are non-derivative financial assets that are not classified in any of the other financial asset categories. AFS investments are carried at fair value in the consolidated statement of financial position. Changes in fair value of AFS investments are recognized in the consolidated statement of comprehensive income. AFS financial assets are classified as noncurrent assets unless the intention is to dispose such assets within 12 months from the reporting date.

AFS investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of reporting date.

The Group's AFS investments consist of quoted and unquoted equity securities.

Other Financial Liabilities. Other financial liabilities at amortized cost pertain to issued financial instruments or their components that are not classified or designated at FVPL and contain obligations to deliver cash or another financial asset to the holder as to settle the obligation other than by the exchange of fixed amount of cash or another financial asset for a fixed number of own equity.

The Group's trade and other payables and due to related parties are classified under this category.

<u>Derecognition of Financial Assets and Liabilities</u>

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

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

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Fair Value Measurement

The Group uses market observable data as far as possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Notes 11 and 26.

Impairment of Financial Assets

The Group assesses at the end of each reporting period whether a financial asset or a group of financial assets is impaired.

Financial Assets Carried at Amortized Cost. If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of loss, if any, is recognized in consolidated statement of comprehensive income.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Objective evidence includes observable data that comes to the attention of the Group about loss events such as, but not limited to, significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, or the increasing probability that the borrower will enter bankruptcy or other financial reorganization. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in the group of financial assets with similar credit risk and characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is recognized are not included in a collective assessment of impairment. The impairment assessment is performed at the end of each reporting period. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics such as payment history, past-due status and term.

Loans and receivables, together with the related allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

AFS Investments. The Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of comprehensive income - is removed from other comprehensive income and recognized in the consolidated statement of comprehensive income. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Assets Classified as Held for Sale

Noncurrent assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification, except when there is delay of the sale caused by events or circumstances beyond the Group's control.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Other Current Assets

This account consists of the excess of input VAT over output VAT and other prepayments.

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expense as these are consumed in operations or expire with the passage of time.

Prepayments are classified in the consolidated statements of financial position as current asset when the cost of goods or services related to the prepayment are expected to be incurred within one year or the Group’s normal operating cycle, whichever is longer. Otherwise, prepayments are classified as noncurrent assets.

Investment in Associates

Investment in associates are accounted for using the equity method and recognized initially at cost.

An associate is an entity in which the Parent Company has significant influence but not control, over the financial and operating policies. Significant influence is presumed to exist when the Parent Company holds between 20% and 50% of the voting rights of the entity.

The Parent Company’s share of its associate’s post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in reserves is recognized in equity.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Parent Company’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Parent Company does not recognize further losses, unless it has incurred obligations or made payments in behalf of the associate.

Advances for Waste Recycling Project

Advances for waste recycling project is stated at cost, less impairment losses, if any. It represents mainly machineries and equipment and steel structures for the construction of a waste recycling machinery and equipment.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and any impairment in value.

The initial costs of property and equipment include expenditure that is directly attributable to the acquisition of the assets, such as its purchase cost, including import duties, taxes and other directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss in the year incurred.

Depreciation is calculated using the straight-line method to allocate its cost over their estimated useful lives, as follows:

Asset Type	Number of Years
Transportation equipment	5
Furnitures and fixtures	5

Depreciation commences when an asset is in its location or condition capable of being operated in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date the asset is derecognized.

Major renovations that qualify for capitalization are depreciated over the remaining useful life of the related assets or to the date of the next major renovation, whichever is earlier.

The assets' useful life and depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until these are no longer in use and no further charge for depreciation is made in respect of those assets.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

Impairment of Nonfinancial Assets

The carrying values of investment in associates, advances for waste recycling project, property and equipment, and other nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Nonfinancial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses are recognized in profit or loss under the expense category consistent with the function of the impaired asset.

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

Capital Stock and Additional Paid-in Capital
Capital stock is measured for all shares issued. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds, net of tax. The excess of proceeds from the issuance of shares over the par value of shares is credited to additional paid-in capital.

Deficit
Deficit represents the accumulated net income or losses, net of any dividend declaration.

Earnings (Loss) per Share
Earnings per share (EPS) is determined by dividing net income (loss) by the weighted average number of common shares outstanding during the year, with retroactive adjustments for any stock dividends declared.

Fair Value Reserve for AFS Investments
Fair value reserve comprises the cumulative net fair value changes of AFS investments until such investments are derecognized or impaired.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenues are recognized.

Interest Income. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Cost and Expense Recognition
Costs and expenses are recognized in the consolidated statement of comprehensive income upon consumption of goods, utilization of the services or at the date these are incurred.

Interest expense is reported on an accrual basis and is recognized using the effective interest method. Interest expense is generally expensed as incurred.

Short-term Employee Benefits
The Group provides short-term benefits to its employees in the form of basic 13th month pay, bonuses, employer's share on government contribution, and other short-term benefits.

Foreign Currency Transactions
The Group determines its own functional currency and items included in the consolidated financial statements are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of comprehensive income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that operation, recognized in other comprehensive income and accumulated in a separate component of equity, reclassified from equity to profit or loss (as a reclassification adjustment when the gain or loss on disposal is recognized.

The Group determined that its functional currency to be Philippine Peso (₱) as a result of the Parent Company's divestment of its foreign subsidiaries, MSI, MENV and PI, in June 2011. Previously, the Group presented its consolidated financial statements in United States Dollar (US$). The consolidated financial statements as at December 31, 2012 and 2011 were restated to effect the change (see Note 6).

Income Tax

Current tax. Current tax assets and liabilities for the current and the prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, and carry forward benefits of the excess of minimum corporate income tax (MCIT) over the regular corporate income tax and net operating loss carryover (NOLCO), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused MCIT and NOLCO can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) in effect at the reporting date.

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

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

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the expense item; and

- receivables and payables that are stated with the amount of tax included.

The net amount of VAT recoverable from the taxation authority is included as part of "Other current assets" account in the consolidated statement of financial position.

Provisions and Contingencies

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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

Events After the Reporting Date

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

5. Significant Accounting Judgments, Estimates and Assumptions

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

Judgment

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

Determination of Functional Currency. Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency is determined to be Philippine Peso (see Notes 2, 4, and 6). Also, it is the currency of the primary economic environment in which the Parent Company, its subsidiaries and associates operate.

Classification of Financial Instruments. The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position.

The classifications of the various financial assets and liabilities of the Group are disclosed in notes to consolidated financial statements (see Note 25).

Determination of Fair Value of Financial Instruments. The Group carries certain financial assets and liabilities at fair value, which requires use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group utilized different valuation methodologies and assumptions. Any changes in fair value of these financial assets and liabilities would affect profit and loss and equity.

The carrying values and fair values of financial assets and liabilities as at December 31, 2013 and 2012 are disclosed in Note 26.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal years are discussed below.

Estimating Impairment Losses of Loans and Receivables. The Group maintains allowance for impairment loss accounts based on the result of the individual and collective assessment under PAS 39. Under the individual assessment, the Group is required to obtain the present value of estimated cash flows using the receivable's original EIR. Impairment loss is determined as the difference between the receivables' carrying balance and the computed present value. Factors considered in individual assessment are payment history, past due status and term. The collective assessment would require the Group to classify its receivables based on the credit risk characteristics (payment history, past due status and term). Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period in which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

The carrying value of receivables and due from related parties amounted to ₱60.2 million in 2013 (₱1.1 million in 2012) and ₱341.1 million in 2013 (₱267.9 million in 2012) (see Notes 10 and 21).

Impairment of AFS Investments. The Group classifies investment in equity securitites as AFS and recognizes movements in fair value in other comprehensive income and equity.

When a decline in the fair value of an AFS has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized. The amount of the cumulative loss that is reclassified from equity to profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit or loss.

Impairment may be appropriate when there is evidence of deterioration in the financial wealth of the investee, industry and sector performance and operational and financing cash flows. No impairment loss on AFS investments was provided in 2013 and 2012. AFS investments amounted to ₱97.9 million as at December 31, 2013 (₱78.1 million as at December 31, 2012) (see Note 11).

Estimating of Useful Lives of Property and Equipment. The useful life of each of the items of property and equipment is estimated based on the year over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by the changes in the factors mentioned in the foregoing. A change in the estimated useful life of any item of property and equipment would impact the recorded operating expense and noncurrent assets.

There was no change in estimated useful lives of property, plant and equipment in 2013 and 2012.

The carrying value of property and equipment in 2013 amounted to ₱1.1 million (₱1.5 million in 2012) (see Note 14).

Assessment of Impairment of Nonfinancial Asset and Estimation of Recoverable Amount. The Group assesses at the end of each reporting period whether there is any indication that the nonfinancial assets may be impaired. If such indication exists, the Group estimates the recoverable amount of the asset, which is the higher of an asset's fair value less costs of disposal and its value-in-use. In determining fair value, an appropriate valuation model is used, which can be based on quoted prices or other available fair value indicators. In estimating the value-in-use, the Group is required to make an estimate of the expected future cash flows from the cash generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows.

Determining the recoverable amounts of the nonfinancial assets, which involves the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the use of estimates and assumptions that can materially affect the consolidated financial statements. Future events could indicate that these nonfinancial assets may be impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations of the Group.

The preparation of estimated future cash flows involves significant judgment and estimations. While the Group believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect its assessment of recoverable values and may lead to future additional impairment changes under PFRS.

Nonfinancial assets that are subject to impairment testing when impairment indicators are present (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators) are as follows:

	Note	**2013**	2012
Property and equipment	14	**₱1,104,407**	₱1,505,439
Investment in associates	13	**147,640,485**	93,316,483
Advances for waste recycling project	12	**235,008,036**	235,008,036

Estimating Recoverability of Deferred Tax Assets. Management reviews the carrying amount of deferred tax assets at each reporting date. The carrying amount of deferred tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax assets can be utilized. No further deferred tax assets have been recognized in 2013 and 2012.

6. **Prior Period Adjustments**

The 2012 and 2011 consolidated financial statements have been restated to reflect the following:

- Fair value changes of AFS investments based on PSE published quotation resulting to increase of ₱2.7 million in 2012 in AFS investments and fair value reserve;

- Derecognition of currency translation adjustments (CTA) of ₱27.7 million in 2011 relating to divested foreign subsidiaries. These comprise of CTA recognized in 2010 amounting to ₱18.0 million and CTA recognized in 2011 amounting to ₱9.7 million. Reduction in CTA recognized in 2012 amounting to ₱10.4 million was also derecognized resulting to increase in investment in associate by ₱3.7 million and an increase in net loss by ₱6.7 million.

- Adjustment of share of noncontrolling interest (NCI) in TWMRSI by ₱28.5 million in 2012 to reflect 49% share of minority interest. Of this amount, ₱17,699 was previously included as part of deficit attributable to equity holders of the Parent Company.

- Reclassification of the following:

  - Advances for a waste recycling project of ₱235.0 million, previously presented as part of property and equipment.

  - Loss due to dilution of ownership interest in a former subsidiary in 2011 amounting to ₱87.9 million from “Other operating expenses - net” to “Loss from discontinued operations.”

- Amount due from related parties of ₱1.9 million was offset against amounts due to related parties of ₱1.9 million.

- Amount due from minority stockholder previously presented as "other reserves".

The following is the summary of financial impact of restatements and reclassification adjustments of the 2012 and 2011 consolidated financial statements:

	December 31, 2012		
	As Previously Reported	Restatements	As Restated
Due from related parties	₱268,990,733	(₱1,061,861)	₱267,928,872
AFS investment	75,436,653	2,707,673	78,144,326
Investments in associates	89,624,640	3,691,843	93,316,483
Advance for a waste recycling project	–	235,008,036	235,008,036
Property and equipment	236,513,475	(235,008,036)	1,505,439
Due to related parties	7,705,104	(1,914,491)	5,790,613
Noncontrolling interest	294,387,566	(28,492,921)	265,894,645
Deficit	(297,985,892)	21,068,128	(276,917,764)
Other reserves	29,327,852	(29,327,852)	–
Fair value reserve for AFS investments	(8,705,880)	2,707,673	(5,998,207)
Currency translation adjustment	17,358,586	(17,358,586)	–
Net loss	(28,083,953)	(6,723,011)	(34,806,964)

	December 31, 2011		
	As Previously Reported	Restatements	As Restated
Currency translation adjustment	₱27,773,440	(₱27,773,440)	₱–
Deficit, December 31	(271,935,159)	27,773,440	(244,161,719)
Net loss	(219,652,667)	27,773,440	(191,879,227)

7. Business Combination

Incorporation of WGVI

As discussed in Note 1, the Parent Company incorporated WGVI as approved by SEC on June 22, 2012 primarily to develop and invest in renewable energy resources. The Parent Company owns 100% equity interest in WGVI and initially subscribed to 5.0 million common shares at ₱1.0 a share of which ₱3.75 million are subscription receivable.

On December 16, 2013, the Parent Company subscribed to additional 15 million common shares at ₱1.0 a share amounting to ₱15 million. The subscription receivables in 2012 were also fully settled in 2013.

The cost of investment is equivalent to the Parent Company's share in net assets of WGVI at the date of incorporation. As such, no goodwill or investment income was recognized.

Incorporation of BHI

The Parent Company and TLCIF incorporated BHI as approved by SEC on October 31, 2012 primarily to engage in the business of investing in renewable energy systems. The Parent Company owns 60% equity interest in BHI and initially subscribed to 40.1 million common shares at ₱1.0 a share.

The cost of investment is equivalent to the Parent Company's share in net assets of BHI at the date of incorporation. As such, no goodwill or investment income was recognized.

As at December 31, 2013, the assets and liabilities of BHI were presented as "Assets classified as held for sale" and liabilities directly related to assets, liabilities as held for sale, respectively, as a result of the intended sale by the Parent Company of its equity interest in BHI to TLCIF (see Note 1 and 8).

8. Asset Classified as Held for Sale

On October 2, 2013, the BOD authorized the Parent Company to explore the sale of all or a portion of the Parent Company's 60% equity in BHI.

On March 26, 2014, the BOD approved the sale of the Parent Company's 60% equity in BHI. Accordingly, in the 2013 consolidated financial statements, the assets and liabilities of BHI were classified as asset classified held for sale / liabilities directly related to asset classified as held for sale. In 2012, the assets and liabilities of BHI were consolidated with the Parent Company.

The subject assets and liabilities are as follows:

Assets classified as held for sale	Note	Amount
Cash		₱3,567,289
Investment in San Carlos Biopower, Inc. (SCBI)	12	667,537,300
		₱671,104,589

Liabilities directly associated with assets classified as held for sale		
Accrued expenses		₱854,687
Advances to officers		2,516,427
Due to related parties		2,424,306
		₱5,795,420

9. Cash

This account consists of:

	2013	2012
Cash in banks	**₱971,361**	₱472,573,537
Cash on hand	**50,000**	50,000
	₱1,021,361	₱472,623,537

Cash in banks earn interest at the respective bank deposit rates. Interest income earned on cash in banks amounted to ₱1.3 million in 2013 (₱2.3 million in 2012).

10. Receivables

This account consists of:

	Note	2013	2012
Non-trade receivables		**₱11,174,215**	₱10,883,444
Advances to officers	21	**59,258,344**	345,323
Loans receivables		**8,023,363**	8,023,363
Others		**–**	47,490
Total		**78,455,922**	19,299,620
Allowance for impairment loss		**(18,218,191)**	(18,218,191)
		₱60,237,731	₱1,081,429

Non-trade receivables pertain mainly to a receivable from Lodestar Investment Holding Corporation (LIHC) amounting to ₱10.2 million in 2013 and 2012.

Advances to officers are due and demandable.

Loans receivable pertains to a 5 year interest bearing loan granted by the Parent Company to its employees and BOD (Eligible Members) for the purchase of the issued shares of the Parent Company. Total loan receivable amounted to ₱8.0 million in 2013 (₱8.0 million in 2012). The shares to be acquired by the Eligible Members will be held as collateral for the loan and will only be released to them after the loan is repaid. The Management provided a full allowance for impairment as they believe that the receivables are not recoverable.

The receivables have been reviewed for impairment and impairment losses, if necessary, are recognized accordingly. There are no movements in the allowance for impairment account in 2013 and 2012.

11. AFS Investments

This account consists of:

	2013	2012 (As restated - see Note 6
Quoted		
AgriNurture Inc. (ANI)	**₱75,428,047**	₱78,144,326
Unquoted		
Green Hope (Fujian) Technology Co., Ltd. (GHTCL)	**22,500,000**	–
Balance at end of year	**₱97,928,047**	₱78,144,326

AFS investment as at December 31, 2013 consists of 14,231,707 shares of ANI (9,302,896 shares as at December 31, 2012). The fair value of the AFS investments has been determined based on the quoted amount published by the PSE as at of December 31, 2013.

In 2013, WGVI through its assignee acquired 15% equity interest in GHTC for ₱22.5 million.

The movements of the AFS investments as at December 31, 2013 and 2012 are as follows:

	2013	2012 (As restated - see Note 6)
Balance at beginning of year	**₱78,144,326**	₱–
Additions	**68,214,061**	84,142,533
Fair value reserve for AFS investments	**(48,430,340)**	(5,998,207)
Balance at end of year	**₱97,928,047**	₱78,144,326

Movement in the fair value reserve for AFS investments is as follows:

	Note	**2013**	2012
Balance at beginning of year			
As previously reported		**₱8,705,880**	₱–
Prior period adjustment	6	**(2,707,673)**	–
As restated		**5,998,207**	–
Net change in fair value during the year		**48,430,340**	5,998,207
Balance at end of year		**₱54,428,547**	₱5,998,207

The measurement of fair value of AFS investment in ANI is categorized under level 1, while the AFS investment in GHTCL is measured at cost.

12. Advances for Investments

<u>BHI</u>

On December 4, 2012, BHI entered into an investment agreement with SCB wherein BHI acquired a 64% equity interest in SCB for a total consideration of ₱667.0 million (see Note 1). In December 2012, BHI advanced ₱200 million to SCB as part of the agreed investment in SCB to support the construction of the 18 megawatt bagasse-fired power generation project in San Carlos City, Negros Occidental. In March 2013, additional fund of ₱467.0 million was invested to SCB.

On May 8, 2013, SEC approved the application for the increase in authorized capital stock of SCB. Consequently, the advances for investment were applied to the increase in authorized capital stock.

<u>TWMRSI</u>

On June 30, 2011, the Parent Company's stockholders approved the acquisition of fifty one percent (51%) of TWMRSI, a domestic corporation engaged in the business of building, operating and managing waste recovery facilities and waste management systems within the Philippines and advanced ₱235.0 million as part of the agreement. The Parent Company acquired the 51% ownership in TWMRSI on March 27, 2012 (see Note 1).

The amount advanced was used to acquire machineries and equipment and steel structures for TWMRSI's waste recycling project. As at December 31, 2013, TWMRSI has not started the construction as it is still finalizing the arrangement for the site where the project will be located.

13. **Investment in Associates**

Movements in this account follows:

	Note	2013	2012 (As restated - see Note 6)
MSPI			
Initial cost of investment		**₱62,561,379**	₱62,561,379
Accumulated share in net losses -			
Balance at beginning of year			
As previously reported		**2,522,255**	266,228
Prior period adjustments (CTA)	6	**3,321,981**	–
As restated		**5,844,236**	266,228
Equity in net income during the year		**103,597**	5,578,007
Balance at end of year		**5,947,833**	5,844,235
		68,509,212	68,405,614
IAC			
Acquisition cost		**25,000,000**	25,000,000
Accumulated share in net gain:			
Balance at beginning of year		**(458,994)**	–
Prior period adjustments (CTA)	6	**369,863**	–
As restated		**(89,131)**	–
Equity in net losses during the year		**(722,137)**	(89,131)
Balance at end of year		**(811,268)**	(89,131)
		24,188,732	24,910,869
SREDC			
Acquisition cost		**55,000,000**	–
Equity in net loss during the year		**(57,459)**	–
Balance at end of year		**54,942,541**	–
Total		**₱147,640,485**	₱93,316,483

Share in income (loss) in associates presented in the summary below:

	2013	2012
MSPI	**₱103,597**	₱5,578,007
IAC	**(722,137)**	(89,131)
SREDC	**(57,459)**	–
	(₱675,999)	₱5,488,876

Upon dilution of ownership interest in MSPI from 100% to 39% (see Note 1), the initial cost of investment in MSPI is determined as follows:

	Amount
Net assets at dilution date (August 1, 2011)	
Capital stock	₱16,574,300
Additional paid-in capital	224,209,538
Deficit	(80,370,046)
Net assets	160,413,792
Percentage of ownership	39%
Initial cost of investment in associate	₱62,561,379

Summarized financial information of MSPI, IAC and SREDC are as follows:

	MSPI		IAC		SREDC	
	2013	2012	**2013**	2012	**2013**	2012
Current assets	**₱10,759,992**	₱19,516,664	**₱37,320,703**	₱27,530,650	**₱117,039,198**	₱61,939,198
Noncurrent assets	**218,722,949**	195,067,923	**825,031**	962,578	**3,062,850**	3,062,850
Current liabilities	**41,033,089**	42,154,617	**11,224,937**	2,484	**19,875,816**	18,626,638
Net assets	**188,449,852**	172,429,970	**26,920,797**	28,490,744	**100,226,232**	46,375,410
Revenue	**5,163,301**	46,688,974	**–**	–	**100,000**	60,000
Net income	**265,634**	14,302,582	**(1,444,275)**	(692,417)	**(1,149,178)**	(1,334,541)

14. **Property and Equipment**

Movements in this account are as follows:

	2013		
	Transportation Equipment	**Furnitures and Fixtures**	**Total**
Cost			
Balance at beginning of year	**₱2,293,176**	**₱80,745**	**₱2,373,921**
Additions	**–**	**71,999**	**71,999**
Balance at end year	**2,293,176**	**152,744**	**2,445,920**
Accumulated Depreciation			
Balance at beginning of year	**855,922**	**12,560**	**868,482**
Depreciation	**442,232**	**30,799**	**473,031**
Balance at end year	**1,298,154**	**43,359**	**1,341,513**
	₱995,022	**₱109,385**	**₱1,104,407**

	2012		
	Transportation Equipment	Furnitures and Fixtures	Total
Cost			
Balance at beginning of year	₱2,445,490	₱27,316	₱2,472,806
Additions	–	86,203	86,203
Disposals	(152,314)	(32,774)	(185,088)
Balance at end year	2,293,176	80,745	2,373,921
Accumulated Depreciation and Amortization			
Balance at beginning of year	366,824	1,361	368,185
Depreciation	501,367	11,612	512,979
Disposals	(12,269)	(413)	(12,682)
Balance at end year	855,922	12,560	868,482
	₱1,437,254	₱68,185	₱1,505,439

Depreciation expense of ₱0.5 million for the year ended December 31, 2013 (₱0.5 million for the year ended December 31, 2012) has been charged to administrative expenses (see Note 18).

There are no fully depreciated property and equipment as of December 31, 2013 and 2012 that are still being used in operations.

Management has reviewed the carrying values of the Group's property and equipment as of December 31, 2013 and 2012 for impairment. Based on the results of its evaluation, there were no indications that the property and equipment were impaired.

15. Other Noncurrent Assets

This account consists of:

	2013	2012
Others	**₱179,006**	₱179,006
Advances to projects - net of allowance for impairment losses of ₱7.1 million in 2013	–	7,769,466
	₱179,006	₱7,948,472

The Group provided allowance for impairment losses of ₱7.1 million in 2013 for unrecoverable advances.

16. Trade and Other Payables

This account consists of:

	2013	2012
Trade payables	**₱26,851**	₱11,391
Accruals for:		
Professional and listing fees	**1,366,027**	240,673
Salaries and employee benefits	**–**	300,000
Statutory liabilities	**297,619**	863,528
Others	**242,968**	2,710,572
	₱1,933,465	₱4,126,164

Statutory liabilities are dues and remittances which represent contributions of employees that will be remitted to various government agencies. It also includes taxes withheld from salaries of employees and income payment to suppliers, which will be remitted in the subsequent month.

Others include accrual of travel expenses, communication expenses and other operating expenses payable upon demand.

Trade and other payables are settled throughout the year.

17. Capital Stock

The Company has authorized capital stock of 200.0 billion shares at ₱0.01 par value equivalent to ₱2.0 billion as at December 31, 2013 and 2012. Movements of the shares are as follows:

	2013		2012	
Authorized capital stock	**Number of Shares**	**Amount**	Number of Shares	Amount
Balance at beginning of year	**200,000,000,000**	**₱2,000,000,000**	100,000,000,000	₱1,000,000,000
Increase in authorized capital stock at ₱0.01 per share	**–**	**–**	100,000,000,000	1,000,000,000
	200,000,000,000	**₱2,000,000,000**	200,000,000,000	2,000,000,000
Issued and subscribed				
Balance at beginning of year	**142,852,856,500**	**1,428,528,565**	69,376,000,500	693,760,005
Issuances and subscriptions of shares	**43,100,000,000**	**431,000,000**	73,476,856,000	734,768,560
Balance at end of year	**185,952,856,500**	**1,859,528,565**	142,852,856,500	1,428,528,565
Subscription receivable		**(535,250,000)**		(328,250,000)
		₱1,324,278,565		₱1,100,278,565

The movements of the subscription receivable are as follows:

	2013	2012
Balance at beginning of year	**₱328,250,000**	₱171,750,000
Increase	**207,000,000**	156,500,000
Balance at end of year	**₱535,250,000**	328,250,000

On March 8, 2012, the SEC approved the increase in authorized capital stock from ₱1.0 billion divided into 100 billion shares with a ₱0.01 par value per share to ₱2.0 billion divided into 200.0 billion shares with a ₱0.01 par value per share.

On June 27, 2013, the BOD approved the restructuring of the authorized capital stock to ₱2.0 billion divided into 1.9 billion common shares at ₱1.0 par value per share and 1.0 billion preferred shares at ₱0.10 par value per share. As at December 31, 2013, the application for the restructuring of the authorized capital stock is still pending approval by the SEC.

The following summarizes the information on the Group's registration of securities under the Securities Regulation Code:

Date of SEC Approval	Authorized Shares
March 8, 2012	200,000,000,000
June 22, 2011	100,000,000,000
October 15, 2009	5,000,000,000
June 24, 2008	2,450,000,000
December 28, 2007	1,120,000,000
September 7, 2007	160,000,000

The following summarizes the information on the Company's issued and subscribed shares as at December 31, 2013:

	Number of shares issued and subscribed	Percentage of shares
Shares owned by public	110,340,676,840	59.34%
Non-public Shareholdings:		
a. Affiliates, directors and officers	53,602,801,400	28.83%
b. Principal/substantial stockholders	20,776,856,000	11.17%
c. Others	1,232,522,260	0.66%
Total	185,952,856,500	

Of the total shares owned by the public, 26,380,781720 shares are foreign-owned.

The total number of shareholders of the Company is 1,026 as at December 31, 2013 (1,039 as at December 31, 2012).

The principal market for the Group's capital stock is the Philippine Stock Exchange. The high and low trading prices of the Group's shares are as follows:

Quarter	High	Low
January 2013 to December 2013		
First	₱0.020	₱0.019
Second	0.016	0.016
Third	0.015	0.014
Fourth	0.013	0.012
January 2012 to December 2012		
First	0.020	0.018
Second	0.020	0.018
Third	0.020	0.018
Fourth	0.020	0.018

Under an Investment Agreement dated August 15, 2012 with TLCIF, the latter subscribed to 20,776,856,000 primary shares of the Parent Company at an issue price of ₱0.02 per share, equivalent to ₱415,537,300, and the Parent Company issued two (2) Warrant 13 Certificates under the American call option covering 10,489,500,000 shares with a strike price of ₱0.02 per share and 10,489,500,000 shares of the Parent Company with a strike price of ₱0.03 per share, exercisable within 1 year and 3 years from issuance, respectively. The Parent Company may also issue stock warrants that would allow subscription of up to 8,123,999,500 shares of the Parent Company from its unissued authorized capital stock. The additional warrants shall contain the same terms and conditions as the warrants issued to TLCIF. The first warrant 13 certificates was not exercised in 2013.

On November 15, 2012, the stockholders approved the issuance and listing of warrants in favor of the Corporation's officers and directors under such terms and conditions to be determined by the BOD.

18. General and Administrative Expenses

This account consists of:

	2013	2012	2011 (As restated)
Salaries and employee benefit	**₱2,712,029**	₱1,163,481	₱1,041,541
Stock transfer and listing cost	**1,907,329**	7,170,169	1,246,235
Transportation and travel	**504,465**	1,416,638	104,343
Depreciation	**473,031**	512,978	368,185
Professional fee	**458,000**	396,263	430,724
Representation and entertainment	**264,491**	418,718	166,534
Office supplies	**129,510**	107,167	108,748
Taxes and licenses	**46,001**	7,424,112	135,900
Fuel and oil	**45,234**	46,083	109,306
Utilities	**41,299**	208,459	95,724
Repairs and maintenance	**14,956**	319,922	22,725
Separation pay`	**–**	303,766	–
Insurance	**–**	30,393	3,884
Research and development	**–**	320,000	–
Others	**240,395**	419,160	100,850
	₱6,836,740	₱20,257,309	₱3,934,699

19. **Other Operating Expenses (Income)**

This account consists of:

	Note	**2013**	2012 (As restated - see Note 6)	2011 (As restated - see Note 6)
Impairment loss on other noncurrent assets	15	**₱7,133,533**	₱–	₱–
Impairment loss on advances to related party		**–**	19,608,630	–
Unrealized foreign exchange loss - net		**–**	3,648,161	–
Loss on disposal of AFS investments		**–**	–	11,685,544
Provision for impairment loss on receivables		**–**	–	9,688,175
Provision for impairment loss on investment in subsidiary		**–**	–	6,251,533
Provision for impairment loss on loans receivables		**–**	–	8,023,363
Other income		**(94,852)**	(873,401)	–
		₱7,038,681	₱22,383,390	₱35,648,615

20. **Discontinued Operations**

On December 23, 2010, the stockholders approved the divestment of 61% interest or reduction of interest from 100% to 39% in MSPI and all of its interests in foreign subsidiaries (MSI, Museum and Protelcon), companies engaged in semiconductor business (see Note 1).

The operations of these subsidiaries were presented as discontinued operation in the consolidated statement of comprehensive income. The details are as follows:

	Note	Amount
Sales		₱28,959,364
Cost of sales		(12,920,918)
Gross profit		16,038,446
Operating expenses		(16,904,227)
Operating loss		(865,781)
Impairment loss due to dilution of ownership interest in MSPI		(87,852,413)
Impairment loss recognized on the disposal of foreign subsidiaries constituting the discontinued operation		(87,937,151)
CTA of the divested foreign subsidiaries	6	27,773,440
Loss before tax from discontinued operation s		(148,881,905)
Provision for income tax		(3,619,305)
Loss for the year from discontinued operations		(₱152,501,210)

The net cash flows incurred by the disposed subsidiaries are as follows:

	2011
Operating	₱158,169,729
Investing	3,958,075
Financing	(73,588,621)
Net cash inflow (outflow)	₱88,539,183

Loss per share:

	2011
Income (loss) from discontinued operations	(₱152,501,210)
Weighted average number of shares outstanding	58,771,333,583
	(₱0.002597)

There are no dilutive potential ordinary shares for the year ended December 31, 2011. Therefore, the Group's basic and dilutive loss per share from discontinued operation for the years ended December 31, 2012 and 2011 are equal.

21. **Related Party Transactions**

Related party relationships exist 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 relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors or its stockholders.

				2013		2012	
Account	Related Party	Relationship	Nature of Transaction	**Amount of Transactions**	**Outstanding Balance**	Amount of Transaction	Outstanding Balance
Due from related parties	TLCIF	Stockholder	Noninterest-bearing advances	**₱–**	**₱267,014,740**	₱267,014,740	₱267,014,740
	GHTCL	Stockholder	Noninterest-bearing advances	**62,500,000**	**62,500,000**	–	–
	MSPI	Associate	Noninterest-bearing advances	**40,000**	**39,717,922**	–	39,677,922
	IAC	Subsidiary	Noninterest bearing advances	**10,238,955**	**10,238,955**	–	–
	Spring Lover (SL)	Under common control	Noninterest bearing advances	**49,610**	**49,610**	49,610	49,610
	SREDC	Under common control	Noninterest bearing advances	**377,822**	**383,972**	6,150	6,150
	Earthright Holdings Inc. (EHI)	Stockholder	Noninterest bearing advances	**4,555**	**4,555**	4,055	4,055

(Forward)

Account	Related Party	Relationship	Nature of Transaction	2013 Amount of Transactions	2013 Outstanding Balance	2012 Amount of Transaction	2012 Outstanding Balance
	AgriNurture Inc. (ANI)	Under common control	Noninterest bearing advances	**₱199,006**	**–**	–	–
	Stockholder		Noninterest bearing advances	**–**	**852,630**	852,630	852,630
	Others			**37,314**	**37,314**	1,687	1,687
					380,799,698		307,606,794
Allowance for impairment loss	MSPI	Associate			**(39,677,922)**		(39,677,922)
					₱341,121,776		₱267,928,872
Advances to officers	Officers		Noninterest bearing advances	**₱58,913,021**	**₱59,258,344**	₱345,323	₱345,323
Due to related parties	Officers and employees		Noninterest bearing advances	**₱34,247,254**	**₱34,333,561**	₱3,366,307	₱3,366,307
	AgriNurture Inc. (ANI)		Noninterest bearing advances	**344,126**	**344,126**	–	–
	TLCIF		Noninterest bearing advances	–	–	2,424,306	2,424,306
					₱34,677,687		₱5,790,613

Key Management Compensation

There has been no short-term or long-term compensation of key management personnel for the period ended December 31, 2013 and 2012.

22. Income Tax

Income tax benefit on continuing operations consists of:

	2013	2012	2011
Current	**₱1,897**	₱17,468	–
Deferred	**(6,955)**	(25,501)	–
	(₱5,058)	(₱8,033)	₱–

The reconciliation of the benefit from income tax computed at the statutory income tax rate to benefit from income tax shown in the consolidated statement of comprehensive income (loss) as follow:

	2013	2012	2011
Income tax computed at normal rate of 30%	**(₱3,987,212)**	(₱10,444,499)	(₱56,477,572)
Non-taxable income subjected to final tax	**(378,214)**	(701,047)	(2,574)
Share in profit of associate	**202,800**	(1,646,663)	(79,868)
Non-deductible expenses	**82,646**	131,025	37,448,954
Unrecognized deferred taxes on temporary differences	**2,140,060**	6,958,354	12,703,705
Unrecognized deferred tax asset on NOLCO	**1,932,965**	5,677,329	6,348,828
Unrecognized MCIT	**1,897**	17,468	58,527
	(₱5,058)	(₱8,033)	₱–

The details of NOLCO and MCIT are as follows:

a. Unrecognized NOLCO

Year Incurred	NOLCO Incurred	Applied	Expired	Ending Balance	Year of Expiry
2013	₱6,443,216	₱–	₱–	₱6,443,216	2016
2012	18,924,429	–	–	18,924,429	2015
2011	21,162,760	–	–	21,162,760	2014
2010	2,594,290	–	(2,594,290)	–	2013
	₱49,124,695	₱–	(₱2,594,290)	₱46,530,405	

b. Recognized NOLCO

Year Incurred	NOLCO Incurred	Addition	Application /Expired	Ending Balance	Year of Expiry
2013	₱	₱23,182	₱–	₱23,182	2016
2012	85,003	–	–	85,003	2015
2011	182,347	–	–	182,347	2014
	₱267,350	₱23,182	₱–	₱290,532	

c. MCIT

Year Incurred	Beginning balance	Incurred this year	Written-off	Ending Balance	Year of Expiry
2013	₱–	₱1,897	₱–	₱1,897	2016
2012	17,468	–	–	17,468	2015
2011	58,527	–	–	58,527	2014
	₱75,995	₱1,897	₱–	₱77,892	

23. Loss per Share

Basic loss per share

	2013	2012 (As restated)	2011 (As restated)
Net loss attributable to the equity holders of the Parent Company	**(₱13,753,280)**	(₱32,756,045)	(₱191,879,227)
Issued and subscribed common shares at beginning of year	**142,852,856,500**	69,376,000,500	50,000,000,000
Effect of issuance and subscription of common shares	**23,975,000,000**	29,906,404,667	8,771,333,583
Divided by weighted average number of common shares	**166,827,856,501**	99,282,405,167	58,711,333,583
Basic loss per share - as previously reported	**₱–**	(₱0.000295)	(₱0.003737)
Basic loss per share - as restated	**(₱0.000082)**	(₱0.000330)	(₱0.003268)

Dilutive loss per share

	2013	2012 (As restated)	2011 (As restated)
Net loss attributable to the equity holders of the Parent Company	**(₱13,753,280)**	(₱32,756,045)	(₱191,879,227)
Issued and subscribed common stocks at beginning of year	**142,852,856,500**	69,376,000,500	50,000,000,000
Effect of issuance and subscription of common stocks	**23,975,000,000**	29,906,404,667	8,771,333,583
Average incremental number of stocks of issued warrants	**18,613,499,500**	2,425,249,958	–
Divided by weighted average number of common shares	**185,441,356,000**	101,707,655,125	58,771,333,583
Dilutive loss per share - as previously reported	**₱–**	(₱0.000295)	(₱0.003737)
Dilutive loss per share - as restated	**(₱0.000074)**	(₱0.000322)	(₱0.003268)

Dilutive potential ordinary shares for the years ended December 31, 2013 and 2012 pertains to issued warrants of the Group (see Note 17). No dilutive potential ordinary shares for the year ended December 31, 2011. The Group's basic and diluted loss per share for the year ended December 31, 2011 is equal.

24. Noncontrolling Interests

Noncontrolling interests represents the equity in subsidiaries not attributable directly or indirectly to the Parent Company. The details of the account are as follows:

	December 31, 2013			
	Share in net assets on acquisition/ incorporation date	**Income (loss) for the year**	**Other comprehensive income**	**Total**
TWMRSI	**₱898,225**	**(₱13,135)**	**₱–**	**₱885,090**
BHI	**264,996,420**	**480,766**	**–**	**265,477,186**
	₱265,894,645	**467,631**	**₱–**	**₱266,362,276**

	December 31, 2012 (As restated - see Note 6)			
	Share in net assets on acquisition/ incorporation date	Loss for the year	Other comprehensive income	Total
TWMRSI	₱930,644	(₱32,419)	₱–	₱898,225
BHI	267,014,920	(2,018,500)	–	264,996,420
	₱267,945,564	(₱2,050,919)	₱–	₱265,894,645

Other comprehensive income pertains to net exchange difference from translation to presentation currency for the year attributable to noncontrolling interests.

25. **Financial Instruments**

Financial Risk Management Objectives and Policies

The Group is exposed to variety of financial risks, which result from both its operating, financing and investing activities. The Group's principal financial instruments comprise of cash on hand and in banks, receivables, due from and to related parties and trade and other payables. The main purpose of these financial instruments is to raise finance for the Group's operations.

Group policies and guidelines cover credit risk, liquidity risk and market risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's results and consolidated financial position. The Group actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principles.

Credit risk. Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from deposits with banks, as well as credit exposure to receivables from third and related parties.

The Group trades only with recognized, creditworthy third parties. Also, it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to doubtful accounts is not significant.

For banks, the Group has maintained its business relationships with accredited banks, which are considered in the industry as universal banks. The receivables from related parties are accordingly collected in accordance with the Group's credit policy.

The Group's exposure to credit risk arises from default of other counterparties, with a maximum exposure equal to the carrying amounts as follows:

	2013	2012
Cash in banks	**₱971,361**	₱472,573,537
Receivables	**60,237,731**	1,081,429
Due from related parties	**341,121,776**	267,928,872
AFS investments	**97,928,047**	78,144,326
	₱500,258,915	₱819,728,164

Collaterals and other credit enhancements. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters. As at December 31, 2013 and 2012 the Group's transportation equipment serves as collateral for the interest-bearing loan. Interest rate of the loan is 5.51% per annum.

Credit quality per class of financial assets. The credit quality of the Group's financial assets is evaluated using internal credit rating. High grade accounts are those receivables from counterparties with whom collections are made without much collection effort. Standard grade accounts consist of receivables from its distributors with good financial condition and with relatively low defaults. Substandard grade accounts on the other hand, are receivables from other counterparties with history of defaulted payments. These counterparties include banks, customers and related parties who pay on or before due date.

The tables below show the credit quality of financial assets and an aging analysis of past due but not impaired accounts.

	2013							
	Neither past due nor impaired			Past due but not impaired			Impaired	
	High Grade	Standard Grade	Substandard Grade	Over 30 Days	Over 90 Days	Over 180 Days	Financial Assets	Total
Cash in banks	**₱971,361**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱971,361**
Receivables	**60,237,731**	**–**	**–**	**–**	**–**	**–**	**18,218,191**	**78,455,922**
Due from related parties	**341,121,776**	**–**	**–**		**–**	**–**	**39,677,922**	**380,799,698**
AFS investments	**97,928,047**	**–**	**–**	**–**	**–**	**–**	**–**	**97,928,047**
Total	**₱500,258,915**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱57,896,113**	**₱558,155,028**

	2012							
	Neither past due nor impaired			Past due but not impaired			Impaired	
	High Grade	Standard Grade	Substandard Grade	Over 30 Days	Over 90 Days	Over 180 Days	Financial Assets	Total
Cash in banks	₱472,573,537	₱–	₱–	₱–	₱–	₱–	₱–	₱472,573,537
Receivables	1,081,429	–	–	–	–	–	18,218,191	19,299,620
Due from related parties	267,928,872	–	–	–	–	–	39,677,922	307,606,794
AFS investments	78,144,326	–	–	–	–	–	–	78,144,326
Total	₱819,728,164	₱–	₱–	₱–	₱–	₱–	₱57,896,113	₱877,624,277

Liquidity risk. This represents the risk or difficulty in raising funds to meet the Group's commitment associated with financial obligation and daily cash flow requirement. The Group is exposed to the possibility that adverse exchanges in the business environment and/or its operations would result to substantially higher working capital requirements and the subsequent difficulty in financing additional working capital. The Group's approach to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed. Also, the Group addresses liquidity concerns primarily through cash flows from operations and short-term borrowings, if necessary. The Group likewise regularly evaluates other financing instruments to broaden the Group's range of financing sources.

The following table summarizes the maturity profile of the Group's financial liabilities as of December 31, 2013 and 2012, respectively based on the contractual undiscounted payments:

	2013						
	On Demand	Less than One Year	Over One to Two Years	Over Two to Four Years	Over Four to Five Years	Over Five Years	Total
Trade and other payables	**₱1,933,465**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,933,465**
Due to related parties	**34,667,687**	**–**	**–**	**–**	**–**	**–**	**34,667,687**
	₱36,601,152	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱36,601,152**

	2012						
	On Demand	Less than One Year	Over One to Two Years	Over Two to Four Years	Over Four to Five Years	Over Five Years	Total
Trade and other payables	₱4,126,164	₱–	₱–	₱–	₱–	₱–	₱4,126,164
Due to related parties	5,790,613	–	–	–	–	–	5,790,613
	₱9,916,777	₱–	₱–	₱–	₱–	₱–	₱9,916,777

Impairment assessment. The main consideration for impairment assessment includes whether there are known difficulties in the cash flow of the counterparties. The Group assesses impairment in two ways: individually and collectively.

First, the Group determines allowance for each significant receivable on an individual basis. Among the items that the Group considers in assessing impairment is the inability to collect from the counterparty based on the contractual terms of the receivables. Receivables included in the specific assessment are the accounts that have been endorsed to the legal department, non-moving accounts receivable and other accounts of defaulted counterparties.

For collective assessment, allowances are assessed for receivables that are not individually significant and for individually significant receivables where there is no objective evidence of individual impairment. Impairment losses are estimated by taking into consideration the age of the receivables, past collection experience and other factors that may affect their collectibility. The Group has not recognized an impairment loss on its financial assets using specific assessment amounting to for the year ended December 31, 2013 (nil for the year ended December 31, 2012).

Market risk. Market risk refers to the risk that changes in market prices, such as interest rates, foreign exchange rates and other market prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is subject to various market risks, including risks from changes in interest rates and foreign currency exchange rates. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risk. The financial assets and financial liabilities of the Group are not significantly affected by fluctuations of interest rates. As such, the Group is not materially exposed to interest rate risk.

Foreign currency risk. The financial assets and financial liabilities of the Group are not significantly affected by fluctuations of foreign currency since transactions involving foreign currency are not material to the Group. As such, the Group is not materially exposed to foreign currency risk.

Equity price risk. Equity price risk is the risk that the fair value of quoted AFS investment decreases as the result of changes in the value of individual stocks. The Group's exposure to equity price risk relates primarily to the Group's quoted AFS investments. The Group intends to hold these investments indefinitely in response to liquidity requirements or changes in market conditions.

The following table demonstrates the sensitivity to a reasonably possible change in equity price, with all other variables held constant, of the Group's equity. The reasonably possible change in equity price was based on the year to year change of stock market indices. In quantifying the effect of reasonably possible change in equity price, the expected return on the AFS investment is correlated to the return of the financial market as a whole through the use of beta coefficients. The methods and assumptions used in the analysis remained unchanged over the reporting periods.

The table below summarizes the impact of changes in equity price on the equity:

	2013		2012	
	Increase in equity price	**Decrease in equity price**	Increase in equity price	Decrease in equity price
Change in equity price	**25.39%**	**25.39%**	14.45%	14.45%
Increase (decrease) on equity	**₱55,272,931**	**(₱55,272,931)**	₱4,222,119	(₱4,222,119)

Capital risk management. The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The BOD has overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business operations and industry.

The Group manages its capital structure (total equity) and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust or delay the dividend payment to shareholders, and appropriate a percentage of retained earnings towards expansion and capital expenditures.

There were no changes in the Group's approach to capital management during the period.

The Group monitors capital on the basis of the debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is equivalent to total liabilities as shown in the consolidated statement of financial position. Total equity comprises all components of equity including capital stock, additional paid-in capital, fair value reserve, deficit and noncontrolling interest.

	2013	2012
Total liabilities	**₱42,408,469**	₱9,934,245
Total equity	**1,513,631,781**	1,351,347,770
Total liabilities and equity	**₱1,556,040,250**	₱1,361,282,015
Debt-to-equity ratio	**₱0.02802: ₱1**	₱0.00735: ₱1

26. Fair Value Measurement

The following table presents the carrying amounts and fair values of the Group's assets and liabilities measured at fair value and for which fair values are disclosed, and the corresponding fair value hierarchy:

	2013		2012	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Loans and receivables:				
Cash in bank	**₱971,361**	**₱971,361**	₱472,573,537	₱472,573,537
Receivables	**60,237,731**	**60,237,731**	1,081,429	1,081,429
Due from related parties	**341,121,776**	**341,121,776**	267,928,872	267,928,872
AFS investments	**97,928,047**	**97,928,047**	78,144,326	78,144,326
	₱500,258,915	**₱500,258,915**	₱819,728,164	₱819,728,164
Financial Liabilities				
Trade and other payables	**₱1,635,846**	**₱1,635,846**	₱3,262,636	₱3,262,636
Due to related parties	**34,677,687**	**34,677,687**	5,790,613	5,790,613
	₱36,313,533	**₱36,313,533**	₱9,053,249	₱9,053,249

**Excluding statutory liabilities amounting to ₱297,619 in 2013 and ₱863,528 in 2012*

The fair values of cash in banks, receivables, due from related parties and trade and other payables (excluding statutory liabilities) and due to related parties approximate their carrying amounts due to relatively short-term nature of these financial instruments.

Fair Value Hierarchy
Quoted AFS investments were measured using Level 1 valuation technique. For the year ended December 31, 2013 and 2012, there were no transfers from Level 1 to Level 2 and Level 3 fair value measurements.

27. **Segment Reporting**

Business Segments
For management purposes, the Group is organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The industry segments where the Group operates are as follows:

a. The Holding segment is engaged in investment holding;
b. The Renewal energy segment is engaged in the business and/or operation of renewable energy system and/or harnessing renewable energy resources;
c. The Waste management segment is engaged in the business of building, operating and managing waste recovery facilities; and
d. The Semiconductor segment is engaged in the manufacturing, development, sales, marketing and logistics of semiconductor products.

Segment Assets and Liabilities
Segment assets and liabilities include all operating assets used by a segment and consists principally of operating cash, receivables, available for sale investments and property and equipment. Segment liabilities include all operating liabilities and consist principally of trade and other payables and loans.

Segment Transactions
Segment income, expenses and performance include income and expenses from operations. Intercompany transactions are eliminated in consolidation.

Segment Financial Information
The segment financial information is presented as follows:

	2013			
	Holding	Renewable Energy	Waste Management	Total
Share in loss of an associate	**(₱675,999)**	**₱–**	**₱–**	**(₱675,999)**
General and administrative expenses	**(6,316,580)**	**(20,984)**	**(26,145)**	**(6,363,709)**
Other operating expense - net	**(7,038,681)**	**–**	**–**	**(7,038,681)**
Interest income	**1,260,145**	**148**	**420**	**1,260,713**
Depreciation	**(473,031)**	**–**	**–**	**(473,031)**
Income tax benefit (expense)	**(1,897)**	**–**	**6,955**	**5,058**
Net loss	**(13,246,043)**	**(20,836)**	**(18,770)**	**(13,285,649)**
Income tax benefit (expense)	**1,897**	**–**	**(6,955)**	**(5,058)**
Depreciation	**473,031**	**–**	**–**	**473,031**
EBITDA	**(₱12,771,115)**	**(₱20,836)**	**(25,725)**	**(₱12,817,676)**
Assets and Liabilities				
Segment assets	**₱1,235,713,890**	**₱85,082,677**	**₱ 235,243,683**	**₱1,556,040,250**
Segment liabilities	**₱42,336,975**	**₱–**	**₱71,494**	**₱42,408,469**

	2012			
	Holding	Renewable Energy	Waste Management	Total
Share in income of an associate	₱5,488,876	₱–	₱–	₱5,488,876
General and administrative expenses	(18,450,180)	(1,201,649)	(92,502)	(19,744,331)
Other operating expense - net	(22,383,390)	–	–	(22,383,390)
Interest income	2,335,709	279	838	2,336,826
Depreciation	(512,978)	–	–	(512,978)
Income tax benefit (expense)	(17,468)	–	25,501	8,033
Profit (loss) for the year	(33,539,431)	(1,201,370)	(66,163)	(34,806,964)
Income tax benefit (expense)	17,468	–	(25,501)	(8,033)
Depreciation	512,978	–	–	512,978
EBITDA	(₱33,008,985)	(₱1,201,370)	(₱91,664)	(₱34,302,019)
Assets and Liabilities				
Segment assets	₱1,125,766,635	₱84,929	₱235,430,451	₱1,361,282,015
Segment liabilities	₱9,926,745	₱ –	₱7,500	₱9,934,245

Currently, the Group's operation is only in the Philippines, hence no geographical segment. The Group however has its operating segments in different regions of the country.

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November 12, 2012, valid until December 31, 2015
SEC Accreditation No. 0207-FR-1 (Group A)
September 6, 2013, valid until September 5, 2016

**REPORT OF INDEPENDENT AUDITOR
TO ACCOMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and the Board of Directors
Greenergy Holdings Incorporated and Subsidiaries
54 National Road, Dampol II-A
Pulilan, Bulacan

We have audited the accompanying consolidated financial statements of Greenergy Holdings Incorporated and Subsidiaries as at and for the year ended December 31, 2013, on which we have rendered our report dated April 25, 2014.

In compliance with Securities Regulation Code Rule 68, we are stating that the Company has only one thousand twenty four (1,024) stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
Tax Identification No. 123-503-505-000
BOA Accreditation No. 4782; Valid until December 31, 2015
SEC Accreditation No. 1021-AR-1 Group A
Valid until November 11, 2016
BIR Accreditation No. 08-005144-5-2013
Valid until November 26, 2016
PTR No. 4232804
Issued January 2, 2014, Makati City

April 25, 2014
Makati City, Metro Manila

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**REPORT OF INDEPENDENT AUDITOR
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Greenergy Holdings Incorporated
54 National Road, Dampol II-A
Pulilan, Bulacan

We have audited in accordance with Philippines Standards on Auditing, the consolidated financial statements of Greenergy Holdings Incorporated and Subsidiaries (the Group) as at and for the year ended December 31, 2013, and have issued our report thereon dated April 25, 2014. Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68 Part II and are not part of the consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, fairly state in all material respect the financial data required to be set forth therein in relation to the consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
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April 25, 2014
Makati City, Metro Manila

GREENERGY HOLDINGS INCORPORATED
Index to Consolidated Financial Statements
As at and For the Year Ended December 31, 2013

Table of Contents

N/A – Not applicable

SCHEDULE A

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

FINANCIAL ASSETS

DECEMBER 31, 2013

Description	Carrying Value	Fair Value
Cash on hand	₱50,000	₱50,000
Loans and receivables:		
Cash in banks	971,361	971,361
Non-trade receivables	11,174,215	11,174,215
Advances to officers	59,258,344	59,258,344
Due from related parties	341,121,776	341,121,776
Available-for-sale investments	97,428,047	97,428,047
	₱510,003,743	₱510,003,743

SCHEDULE B

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2013

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
Various officers and employees	₱345,323	₱58,913,021	₱–	₱–	₱59,258,344	₱–	₱59,258,344

SCHEDULE C

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2013

Name of Subsidiary	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
Total Waste Management Recovery System, Inc.	₱233,616,484	₱–	₱223,955	₱–	₱233,339,529	₱–	₱233,339,529
Winsun Green Ventures, Inc	36,299	62,518,584	–	–	62,554,883	–	62,554,883
Biomass Holdings, Inc.	1,616,204	–	–	–	1,616,204	–	1,616,204
	₱235,268,987	₱66,268,584	₱223,955	₱–	₱297,510,616	₱–	₱297,510,616

SCHEDULE H

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

CAPITAL STOCK

DECEMBER 31, 2013

Title of issue	Number of shares authorized	Number of shares issued and subscribed as shown under related consolidated statement of financial position caption	Number of shares reserved for options, warrants, conversion, and other rights	Directors and officers	Others
Common shares – ₱0.01 par value	200,000,000,000	185,952,856,500	18,613,499,500	53,602, 801,400	113,736,555,600

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September 6, 2013, valid until September 5, 2016

REPORT OF INDEPENDENT AUDITOR
ON SUPPLEMENTARY SCHEDULE OF FINANCIAL RATIOS

The Stockholders and the Board of Directors
Greenergy Holdings Incorporated
54 National Road, Dampol II-A
Pulilan, Bulacan

We have audited in accordance with Philippines Standards on Auditing, the consolidated financial statements of Greenergy Holdings Incorporated and Subsidiaries (the Group) as at and for the year ended December 31, 2013 and have issued our report thereon dated April 25, 2014. Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying Schedule of Financial Ratios is the responsibility of the Group's management. These financial ratios are presented for purposes of complying with Securities Regulation Code Rule 68 Part II and are not part of the consolidated financial statements. This information have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, fairly state in all material respect the financial data required to be set forth therein in relation to the consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
CPA Certificate No. 27455
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Issued January 2, 2014, Makati City

April 25, 2014
Makati City, Metro Manila

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2013

	2013	**2012**
Return on Equity	(0.96%)	(3.88%)
Return on Asset	(0.94%)	(3.85%)
Asset-to-Equity Ratio	1.03	1.01
Book Value per Share	0.0081	0.0096
Current Ratio	25.33	95.15

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REPORT OF INDEPENDENT AUDITOR
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Greenergy Holdings Incorporated
54 National Road, Dampol II-A
Pulilan, Bulacan

We have audited in accordance with Philippines Standards on Auditing, the consolidated financial statements of Greenergy Holdings Incorporated and Subsidiaries (the Group) as at and for the year ended December 31, 2013, and have issued our report thereon dated April 25, 2014. Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying Schedule of Adoption of Effective Accounting Standards and Interpretations is the responsibility of the Group's management. This schedule is presented for purposes of complying with Securities Regulation Code Rule 68 and is not part of the consolidated financial statements. This information have been subjected to the auditing procedures applied in the audit of the consolidated financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves. In our opinion, the information is fairly stated in all material respect in relation to the consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
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GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF ADOPTION OF EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS

DECEMBER 31, 2013

Philippine Financial Reporting Standards (PFRSs)

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 1	First-time Adoption of Philippine Financial Reporting Standards *[superseded by PFRS 1 (Revised)]*			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	✓		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
PFRS 8	Operating Segments	✓		

Philippine Accounting Standards (PASs)

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 1	Presentation of Financial Statements *[superseded by PAS 1 (Revised)]*	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
PAS 2	Inventories	✓		
PAS 7	Cash Flow Statements	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Balance Sheet Date	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
PAS 14	Segment Reporting *[superseded by PFRS 8]*	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23	Borrowing Costs *[superseded by PAS 23 (Revised)]*	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24	Related Party Disclosures *[superseded by PAS 24 (Revised)]*	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements *[superseded by PAS 27 (revised)]*	✓		
PAS 27 (Revised)	Consolidated and Separate Financial Statements	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
	Subsidiary, Jointly Controlled Entity or Associate			
PAS 28	Investments in Associates	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions *[superseded by PFRS 7]*			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓

PHILIPPINE INTERPRETATIONS - IFRIC

No.	Title	Adopted	Not Adopted	Not Applicable
Philippine Interpretation IFRIC–1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
Philippine Interpretation IFRIC–2	Members' Share in Co-operative Entities and Similar Instruments			✓
Philippine Interpretation IFRIC–4	Determining whether an Arrangement contains a Lease	✓		
Philippine Interpretation IFRIC–5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
Philippine Interpretation IFRIC–6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
Philippine Interpretation IFRIC–7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
Philippine Interpretation IFRIC–9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
Philippine Interpretation IFRIC–10	Interim Financial Reporting and Impairment			✓
Philippine Interpretation IFRIC–12	Service Concession Arrangements			✓
Philippine Interpretation IFRIC–13	Customer Loyalty Programmes			✓
Philippine Interpretation IFRIC–14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendment to Philippine Interpretation IFRIC–14, Prepayments of a Minimum Funding Requirement			✓
Philippine Interpretation IFRIC–16	Hedges of a Net Investment in a Foreign Operation			✓
Philippine Interpretation	Distributions of Non-cash Assets to Owners			✓

No.	Title	Adopted	Not Adopted	Not Applicable
IFRIC–17				
Philippine Interpretation IFRIC–18	Transfers of Assets from Customers			✓
Philippine Interpretation IFRIC–19	Extinguishing Financial Liabilities with Equity Instruments			✓

PHILIPPINE INTERPRETATIONS - SIC

No.	Title	Adopted	Not Adopted	Not Applicable
Philippine Interpretation SIC–7	Introduction of the Euro			✓
Philippine Interpretation SIC–10	Government Assistance - No Specific Relation to Operating Activities			✓
Philippine Interpretation SIC–12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
Philippine Interpretation SIC–13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
Philippine Interpretation SIC–15	Operating Leases - Incentives	✓		
Philippine Interpretation SIC–21	Income Taxes - Recovery of Revalued Non-Depreciable Assets	✓		
Philippine Interpretation SIC–25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	✓		
Philippine Interpretation SIC–27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
Philippine Interpretation SIC–29	Disclosure - Service Concession Arrangements			✓
Philippine Interpretation SIC–31	Revenue - Barter Transactions Involving Advertising Services			✓
Philippine Interpretation SIC–32	Intangible Assets - Web Site Costs			✓

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REPORT OF INDEPENDENT AUDITOR
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Greenergy Holdings Incorporated
54 National Road, Dampol II-A
Pulilan, Bulacan

We have audited in accordance with Philippine Standards on Auditing, the separate financial statements of Greenergy Holdings Incorporated as at and for the year ended December 31, 2013 and have issued our report thereon dated April 25, 2014. Our audit was made for the purpose of forming an opinion on the separate financial statements taken as a whole. The accompanying supplementary schedule of retained earnings available for dividend declaration as at December 31, 2013 is the responsibility of the Company's management. This schedule is presented for the purpose of complying with SEC Memorandum Circular No. 11, Series of 2008 and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the separate financial statements and, in our opinion, fairly states, in all material respects, the financial data required to be set forth therein in relation to the separate financial statements taken as a whole.

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
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Issued January 2, 2014, Makati City

April 25, 2014
Makati City, Metro Manila

GREENERGY HOLDINGS INCORPORATED

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2013

Deficit at beginning of year	
As previously stated	(₱299,496,555)
Prior period adjustments	21,050,429
As restated	(278,446,126)
Add:	
Net loss during the period closed to retained earnings	(13,763,923)
Unrestricted retained earnings as adjusted to available for dividend distribution at end of year	(₱292,210,049)

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**REPORT OF INDEPENDENT AUDITOR
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Greenergy Holdings Incorporated
54 National Road, Dampol II-A
Pulilan, Bulacan

We have audited in accordance with Philippines Standards on Auditing, the consolidated financial statements of Greenergy Holdings, Incorporated and Subsidiaries (the Group) as at and for the year ended December 31, 2013, and have issued our report thereon dated April 25, 2014. Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The attached Corporate Structure of the Group as at December 31, 2013 is the responsibility of the Group's management. The attached Corporate Structure is presented for purposes of complying with Securities Regulation Code Rule 68 Part II and is not part of the consolidated financial statements. The said attachment have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, fairly state in all material respect the financial data required to be set forth therein in relation to the consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

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Partner
CPA Certificate No. 27455
Tax Identification No. 123-503-505-000
BOA Accreditation No. 4782; Valid until December 31, 2015
SEC Accreditation No. 1021-AR-1 Group A
Valid until November 11, 2016
BIR Accreditation No. 08-005144-5-2013
Valid until November 26, 2016
PTR No. 4232804
Issued January 2, 2014, Makati City

April 25, 2014
Makati City, Metro Manila

GREENERGY HOLDINGS INCORPORATED

ORGANIZATIONAL STRUCTURE

DECEMBER 31, 2013