

**MINUTES OF THE AUDIT COMMITTEE MEETING
OF
TOP FRONTIER INVESTMENT HOLDINGS, INC.**

Held at No. 40 San Miguel Avenue, Mandaluyong City
on March 27, 2014

PRESENT:

**MINITA V. CHICO-NAZARIO
CONSUELO YNARES-SANTIAGO
FERDINAND K. CONSTANTINO
AURORA T. CALDERON**

ALSO PRESENT:

**VIRGILIO S. JACINTO
BELLA O. NAVARRA
MARIA ROSARIO B. BALANZA
EILEEN P. RATILLA
IRENE M. CIPRIANO
RICARDO P. BERNABE III**

1. Call to Order

The Chairperson of the Audit Committee, Justice Minita V. Chico-Nazario, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Virgilio S. Jacinto, recorded the minutes of the proceedings.

2. Certification of Quorum

With all the members of the Audit Committee being present, the Corporate Secretary certified that a quorum exists for the valid transaction of business.

3. Approval of the Audit Committee Charter

In compliance with SEC Memorandum Circular No. 4, Series of 2012, Atty. Jacinto presented to the Audit Committee, for its approval, the Audit Committee Charter, a copy of which is hereto attached as Annex "A".

Atty. Jacinto explained to the Audit Committee that the Charter aims to guide the Audit Committee members in the conduct of their duties and responsibilities, pursuant to the pertinent provisions of the Company's By-laws, its Manual on Corporate Governance and the relevant laws, rules and regulations on corporate governance promulgated by the Securities and Exchange Commission and the Philippine Stock Exchange.

The Charter sets out the duties and responsibilities of the Audit Committee on Financial Reporting and Disclosures, Internal Control, Risk Management, Internal Audit, External Audit, and Compliance with Legal and Regulatory Requirements. Likewise, it provides for (i)

Membership and Qualifications, (ii) Structure and Operations (which cover the conduct of meetings), (iii) Reporting Process, and (iv) Performance Evaluation.

Upon motion duly made and seconded, there being no objections, the Audit Committee unanimously approved the Audit Committee Charter, as presented, and favorably endorsed the same for approval by the Board of Directors.

4. Report on the Financial Statements of the Corporation as of 31 December 2013

Ms. Bella O. Navarra, the Chief Finance Officer, proceeded to report to the Audit Committee the significant transactions, financial performance and financial position of the Corporation as of 31 December 2013. A copy of the financial report is hereto attached as Annex "B".

Mr. Ferdinand K. Constantino inquired whether the Financial Statements of the Corporation presented cover, on a consolidated basis, the financial results of San Miguel Corporation for the last quarter of 2013. Ms. Navarra confirmed the same and added that the Financial Statements of the Corporation presented likewise included the financial results of Clariden Holdings, Inc. for the last four (4) months of 2013.

Upon motion duly made and seconded, there being no objections, the Audit Committee unanimously approved the Financial Statements of the Corporation as of 31 December 2013, as presented.

5. Report of the External Auditor

Mr. Jimmy Quiñones, on behalf of R. G. Manabat & Co., presented its comprehensive report on audit matters of governance interest, as defined in Philippine Standards of Auditing (PSA) 260 and other relevant audit standards. The report covered the external auditor's objective and responsibilities in the conduct of the audit, an update on the status of the audit conducted on the Corporation and its subsidiaries, communication of audit matters and the audit report on the Consolidated Financial Statements. A copy of the external auditor's report is hereto attached as Annex "C".

Upon conclusion of the report, Mr. Jimmy Quiñones informed the members of the Audit Committee that they intend to issue an unqualified opinion on the Parent and Consolidated Financial Statements of the Corporation as of 31 December 2013.

The report of the external auditor was noted by the Audit Committee.

6. New Securities and Exchange Commission (SEC) Memorandum Circulars

Atty. Jacinto reported to the Board, for its information and guidance, the following Memorandum Circulars issued by the Securities and Exchange Commission ("SEC").

- a. SEC Memorandum Circular No. 20, Series of 2013 on the requirement for the directors and key officers of the Corporation to attend on an annual basis, corporate governance programs to be conducted by SEC-accredited training providers.
- b. SEC Memorandum Circular No. 21, Series of 2013 on the omnibus guidelines on the use of corporate partnership names.
- c. SEC Memorandum Circular No. 22, Series of 2013, which provides for a non-extendible period of two (2) years from December 31, 2013 within which to file petitions to set aside the order of revocation, otherwise, revocation orders covering 2001-2006 shall be final.
- d. SEC Memorandum Circular No. 1, Series of 2014 providing for guidelines on the reporting of changes in the Annual Corporate Governance Form. Under the said circular, for changes and updates required to be disclosed under Section 17 of the Securities and Regulations Code (SRC), SEC shall be notified thru the filing of SEC Form 17-C. For other changes, SEC should be notified through an "Advisement Letter" stating the changes or updates. In both cases, SEC should be notified within 5 days from the occurrence of the reportable change and the Annual Corporate Governance Report as posted in the Corporation website should be updated within the same period.
- e. SEC Memorandum Circular No. 2, Series of 2014 on the guidelines on asset valuation, indicating instances where the engagement of SEC-accredited valuation company or professional service organization or services of an appraiser or valuer who is licensed by the Professional Regulatory Commission and registered with the Professional Regulatory Board of Real Estate Service. The guidelines also provide for the criteria and procedure for accreditation by SEC of appraisal companies or professional service organization (PSO), as well as the operation and reporting requirements that they should comply with. It also penalizes corporations covered by this Circular, if it engages an appraisal company or PSO that is not accredited by SEC.

7. Adjournment

There being no further matters to discuss, the meeting was thereupon adjourned.

ATTEST:

(Sgd.)

MINITA V. CHICO-NAZARIO

Chairperson

(Sgd.)

CONSUELO YNARES-SANTIAGO

Member

(Sgd.)

FERDINAND K. CONSTANTINO

Member

(Sgd.)

AURORA T. CALDERON

Member

(Sgd.)

VIRGILIO S. JACINTO

Corporate Secretary